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Daily Report
Latin America

FBIS-LAT-96-108 *4 June 1996*

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Inter-American Affairs: Inaugural Address at OAS Meeting

PA0306182596 Panama City Sistema de Television Educativa in Spanish 1427 GMT 3 Jun 96

[Live relay of the inauguration of the OAS General Assembly meeting at the Atlapa Convention Center in Panama City]

[FBIS Summary] At 1428 GMT, OAS General Secretary Cesar Gaviria begins to speak. He thanks Panama for the warm welcome and discusses the Panama Canal. He says: "In the dawn of the next millennium, the locks of the Canal will continue to open as usual, generously. But they will not only let transporting vessels from all countries flow, but the pride of a people will also flow, a people who have recovered forever the symbol of their dignity.

"President Perez Balladares, you have consolidated democracy in your country with constitutional reforms, with a coherent economic strategy, with your commitment to the social welfare, with the demilitarization of the national territory, and with the struggle against organized crime. All these actions from your government anticipate the emergence of a new Panama, fully incorporated into the hemispheric community and the international system.

"Today, with the turbulence of other days left behind, Panama rises in the American map as a land of hope and immense possibilities."

Gaviria then says that they are present here today to review achievements and to find new means to implement the will of their respective countries. He says that there are problems that they have faced, including the incident in Paraguay that sought to return that country to its past. He says that the efforts in Paraguay were met with quick and decisive actions that ensured the country's freedom.

He then discusses economic issues, referring to efforts in Mexico, Argentina, and Venezuala, saying these countries are advancing well. He points out that despite problems faced by many of the countries, they continue in the direction of progress.

Gaviria says that there is much work that remains to be done, and the OAS can facilitate the collective actions needed to solve the shared problems. The OAS can first help to ensure that democracy persists in the region and to make it stronger. He says that the countries must cooperate in the post-conflict era and points out that none of the countries can advance if they do not leave war behind them.

He points out the dangers from terrorism and drugs and says that the fight against these issues should bring an increase in the solidarity among the nations.

Gaviria then discusses the integration of the economies and says that this issue is both political and economical.

He then talks about cooperation with other multilateral organizations and integration. He says: "Only with a stronger juridical system and with the development of new instruments will we ensure that the integration process be conducted within an orderly process of rules and norms to solve conflicts and tension. That is why the Secretariat General presented to the countries making up the OAS the document entitled Law in the New Inter-American Order. In this document, we have proposed to resume the long tradition of respect for international law, on which relations among American states are based; to systematically order our work and that of the Inter-American Juridical Committee; to prepare the organization to take advantage of its potential and comparative advantages; and to work more actively in what may be its most significant contribution to the integration of the Americas.

"The great welcome these proposals have received from OAS-member countries and the hard work done by our Juridical and Political Affairs Commission, which will present to this Assembly a definitive declaration in this regard, encourage us to advance on a path that will only benefit Inter-American relations. This will contribute to avoid the temptations of unilateralism and extraterritoriality of the laws, which is so risky for American relations.

"These dangers will be overcome with a process to strengthen common values and the principles on which our relations are based, with a set of new rules to solve our differences, and with a joint and active commitment to collective action to develop these values."

In closing, Gaviria says that the member countries must see the OAS as a useful mechanism to design their individual policies, and that it is necessary for the mid-level countries take a more active role.

At 1525 GMT, Panamanian President Perez Balladares begins to speak and he addresses the history of the fraternity between the countries. He says that the OAS can serve to strengthen democracy throughout the region and also to highlight the integration of the countries, which will help in finding solutions to the various problems, including drug trafficking and money laundering. He says: "It has already been reiterated that the effort against drug trafficking and money laundering must be collective. The transnational nature of the enterprises devoted to these activities forces us to make

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common efforts. An individual struggle will lead to constant failures, resulting in pessimism and disillusion. From this forum, I reiterate my commitment to allocate existing installations in Panama for the establishment and operation of a multilateral center for coordination in the struggle against drug trafficking. This center should gather information, facilitate its exchange among all countries, train specialized personnel from each of the nations, as is established by the corresponding authorities, and coordinate operations. Of course, this will be done always with respect for the sovereignty of states and with the common objective of jointly facing this threatening wave that could destroy ideals, families, and nations."

Perez Balladares then addresses the Panama Canal. He says: "The public institution that will manage the Canal will be given all the guarantees to adequately do its job. It will have administrative and financial autonomy, and its resources will be independent from the rest of the Panamanian state. The Panama Canal Authority will appoint its personnel based on a merit system that should not be inferior to the one used by its current administration, and it will ensure that Canal transit will not be interrupted for any reason.

"The Canal mission, its potential with regard to development, and its impact on the current economy are so well understood that this topic has been elevated to a sacred issue of honor, above party struggles that form part of our Panamanian democracy. Recently, the political parties and the representatives of business organizations and other private organizations signed a solemn commitment accepting the idea that in the area of Panama Canal issues, there is no room for internal quarrels or disputes, and that the patriotic goal of all Panamanians is to adequately fulfill our responsibilities.

"At noon on 31 December 1999, when the Canal administration changes from the United States to the Republic of Panama, there will obviously be a collective expression of happiness. But despite the rejoicing over the historic event, the crews of the ships that will transit through the Canal that day or any subsequent day will not perceive the change of administration and will cross from one ocean to another with security and without delay. That is the meaning of our commitment with the world and with ourselves."

In closing, Balladares says that there are many serious issues to discuss and by working together the countries can improve the region.

At 1545 GMT, the inaugural address ends.

Inter-American Affairs: Rio Group, Canada on U.S. Law

PA0406040196 Panama City ACAN in Spanish 2258 GMT 3 Jun 96

[FBIS Translated Text] Panama City, 3 Jun (ACAN-EFE) — Mexican Foreign Secretary Jose Angel Gurria has announced that the Rio Group countries and Canada have agreed to present a draft resolution on the Helms-Burton law at the 26th OAS General Assembly, which is underway in Panama.

"The Rio Group and Canada have agreed to introduce a draft resolution whereby they will request that the Inter-American Juridical Committee establish a priority advisory position [posicion consultiva prioritaria] regarding the U.S. law's validity in accordance with international law."

The Rio Group is a mechanism for political concerted effort formed by the South American countries plus Panama, Mexico, one Central American representative, and one Caribbean representative.

The Helms-Burton law, which was not on the Assembly's official agenda, was approved by the U.S. Congress to harden the economic embargo against Cuba, and has been rejected by most of the American countries.

Inter-American Affairs: Peru, Dominican Republic on U.S. Law

PA0406042496 Paris AFP in Spanish 0123 GMT 4 Jun 96

[FBIS Translated Text] Panama City, 3 Jun (AFP) — Peru and the Dominican Republic on Monday joined the list of countries to reject the controversial Helms-Burton law, in speeches delivered by their foreign ministers before the OAS General Assembly.

"The Helms-Burton law affects the principle of sovereignty of the states by seeking the extraterritorial application of domestic law, which contradicts the principles and norms of international law and free trade rules," Peruvian Foreign Minister Francisco Tudela declared.

Dominican Foreign Minister Caonabo Castillo, said in turn, that "the Helms-Burton law and its sequel of prejudices against Latin American and European investors, acts as a brake to the globalizing and integrationist hopes that American peoples maintain."

Before the ministers of Peru and the Dominican Republic spoke, Christine Stewart, Canadian deputy foreign minister for Latin America and Africa, Foreign

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Secretary Angel Gurria (Mexico), and Foreign Minister Ruben Dario Melgarejo (Paraguay), questioned in the plenary the application of the polemical U.S. law.

The Helms-Burton law, enacted in March by U.S. President Bill Clinton, intends to punish countries and foreign businesses that conduct commercial activities with Cuba. For more than three decades Cuba has put up with a U.S. embargo following the establishment of socialism on the island.

Tudela recalled that in last week's meeting in Bolivia by the Rio Group, which comprises 14 Latin American nations, it was agreed to "coordinate and adopt joint actions aimed at avoiding this law's harm."

"In the process we are facing, the OAS should be the venue for the development of Inter-American law and a means in which to discuss and adopt legal instruments on various topics of great importance," Tudela said.

Although it was not included in the 26th OAS General Assembly agenda, which ends on Friday, the topic of the law against Cuba has been discussed by several foreign ministers and delegates of the 34 countries that are taking part in the forum.

Inter-American Affairs: U.S. Invasion Protesters Near OAS Session

PA0306200396 Panama City Telemetro Television Network in Spanish 1730 GMT 3 Jun 96

[Report by Mirna Ortega and Atenogenes Rodriguez; from the "Telemetro Reports" newscast]

[FBIS Translated Excerpt] [passage omitted] [Ortega] Atenogenes, our viewers should also be aware of the fact that outside the Atlapa Convention Center, persons affected by the 20 December 1989 U.S. invasion are staging a protest. They continue to demand compensations. They demanded a compensation from the OAS or that the OAS recognize their losses from the 20 December invasion.

The organization, however, has not yet given an official response to these people outside the Atlapa Convention Center, as can be seen in the footage of cameraman Armando Vasquez.

[Atenogenes Rodriguez] They arrived here very early, at approximately 0930. The protesters took positions in front of the Atlapa Convention Center building. At some point, the police forced them across the street from the center, where they have remained for their protest.

Protesters have told us that they just want to get the OAS's attention and request that the 1989 military invasion be declared illegal. They also demand the payment of a pending compensation.

Mirna, I believe that they were going to meet with OAS authorities here. Isn't this correct?

[Ortega] Yes. I understand the Human Rights Commission will issue a pronouncement on the issue at approximately 1500. This is not official as yet, however. [passage omitted]

[Video shows a total of approximately 25 men, women, and children seated in lawn chairs beneath a "No Loitering" sign in a small roadside park on the Panama City waterfront; several of the protesters are holding Panamanian flags; a black flag bearing the word "Justice" is mounted in the ground near the protesters; banners that read "We Want Justice — All Those Who Died Want Justice" and "Foreign Minister Galindo: You Asked for the Massacre" are mounted on poles behind the protesters]

Inter-American Affairs: L.A. Air Force Heads in Buenos Aires

PY0406032696 Buenos Aires TELAM in Spanish 1837 GMT 3 Jun 96

[FBIS Translated Text] Buenos Aires, 3 Jun (TELAM) — At the opening ceremony of the 36th Conference of Commanders in Chief of the Air Forces of the Americas, Defense Minister Oscar Camilion underscored the constancy in exchanges and comradeship between the countries that comprise the Cooperation System Between the Air Forces of the Americas established in 1951.

Camilion recalled that this organization came into being during the "Cold War," but "it moved with the times and survived, upholding values of comradeship, technical exchange, cooperation, and concerted action against common risks."

The defense minister also underlined "the diffusion of the organization through and in civilian society and its contributions to science, technology, and commercial airlines' activities."

This conference, which will last for a week, is to be closed by President Carlos Menem.

In his opening speech, Camilion also referred to the "disappearance of old threats," and the "appearance of new ones." In this context, the defense minister deemed that "the action of the Air Forces is one of the bulwarks of our times," and, therefore, their activities "must be closely followed by civilians."

Camilion mentioned to that effect "the challenge of maintaining updated aeronautical technology" despite the budgetary constraints bedeviling each of the Air Forces.

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Brigadier Juan Paulik, Argentine Air Force chief of staff, pointed out, in his capacity as host, that the conference will be "a forum for friendship and professionalism."

Brig. Paulik stated that "the principal and praiseworthy objective of this meeting is to further vigorous and lasting ties of friendship that encourage fraternal understanding to solve institutional matters of great common interest."

The Air Force chief of staff emphasized the importance of "globalization in the political and, fundamentally, economic areas, which leads to globalization in terms of the need for materiel, requiring a permanent evolution in science and technology."

The summit meeting of the heads of the Air Forces of the hemisphere was held at the Inter-Continental Hotel of Buenos Aires, under the aegis of the Argentine Air Force.

General Rafael Berzain Rodriguez, chief of staff of the Bolivian Air Force, said, on behalf of the delegations attending the summit meeting, that "within the framework of the cooperation system, which finds its cohesiveness in the lofty aspirations of professional unity and development," we are here participating in "this extremely important hemispheric meeting."

Gen. Berzain went on to say that over the last four decades, the Conference of Commanders in Chief of the Air Forces of the Americas "has celebrated momentous joint achievements, founded on solidarity and creative and functional co-fraternity."

The Bolivian Air Force chief of staff declared: "This objective after which we are resolutely striving acquires greater significance on account of the motivations that inspire us; namely, our joint and courageous struggle against terrorism, drug trafficking, and organized violence — enemies of the freedom- and peace-loving Latin American democratic society."

This is the third time Argentina has hosted the Conference of Commanders in Chief of the Air Forces of the Americas, which will discuss a broad agenda, including the control of illegal flights, smuggling and drug trafficking, and the operation and regulation of the air system.

Moreover, the military chiefs will also discuss, among other things, aspects pertaining to mutual logistical support systems, search and rescue missions, scientific and technological breakthroughs in aerospace research, training, informatics, telecommunications, prevention of accidents, and medicine.

Inter-American Affairs: Money Laundering in Aruba Viewed

BR0306153496 Rotterdam ALGEMEEN DAGBLAD in Dutch 25 May 96 p 49

[Article by Pieter den Hollander and Willem Vergeer: "Crocodiles in the Swamp"]

[FBIS Translated Text] Fighting against crocodiles while you are up to your neck in the swamp — Special Agent Felix Jiminez, head of the Caribbean operation of the Drug Enforcement Administration (DEA) in the United States, bursts into laughter when the image comes to him spontaneously. "Yes, we are up to alligators in the swamps, that is our work in the fight against the drug cartels of Bolivia and Colombia. They are increasingly locating their trade routes from the South American continent via the east Caribbean Islands to Western Europe and North America. Via islands like Aruba, Curacao, St. Martin, and the British and French islands in the area of Trinidad through to the Virgin Islands. It is a development which Western Europe should also be very concerned about, because we are only at the start," he says.

Jiminez leads the Puerto Rico office of the U.S. federal narcotics brigade. He is just back from a working visit to Aruba and Curacao, and in Mexico he had a meeting with Surinamese Chief Police Commissioner Santoke. One of Jiminez' great concerns is that "the drugs barons flourish thanks to corrupt public servants and politicians, including on Aruba and the Netherlands Antilles. Each time you see the same pattern: Everywhere where the Colombians appear with their cocaine, they bribe government functionaries and politicians at every level. And the latest development is that the Russian mafia has also established itself in the Caribbean area in order to do business directly with the Colombians."

Sources on Aruba confirm that groups of Russians, who pass themselves off as businessmen, rent entire hotel floors. In Aruba harbour for months a magnificent cruise yacht has been at anchor: the Kremlin Princess. Jiminez: "Aruba, St. Martin, and Curacao fit as transit harbors within the world trade network which the drug mafia has exploited since 1994 and 1995. Previously the South American drug cartels exported their trade directly to the large cities of North America. Since 1988, when the ground became too hot under their feet because the government was intercepting an increasing number of shipments, the cartels have moved their routes to Mexico, from where the stuff is smuggled across the south borders of the United States. U.S. justice has also operated against them with some success. Since then the route via the East Caribbean Islands has been gaining in popularity."

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The trick is simple, Jiminez says. At night the smuggled goods are dropped from small aircraft into the sea, fished up by quick speed boats, taken to land, and packaged again. Ground personnel at the airports are bribed in order to then be able to hide the shipment in the dozens of tourist aircraft which depart to the United States and Western Europe everyday. "Once the shipment is on board of such a plane, it is in practical terms already in the country of destination. For the U.S. market, the smugglers mainly use St. Martin and Puerto Rico, for the Western European market Aruba and Curacao among others are more in demand."

In direct contact with the Aruban and Netherlands Antilles Governments, Jiminez' organization is trying to propose legal measures and exchange information in order to combat the drug smuggling and related organized crime (money laundering and bribing officials). The problem with that, according to Jiminez, is that the DEA has to be careful in establishing who it can and cannot talk with within the governments, because corruption has seeped through to every level, according to him. "But in the meantime we know fairly accurately whom we can and cannot trust," Jiminez says.

The coastguard, which was set up with the help of the Netherlands, is supposed to protect the Netherlands Antilles and Aruba against the continuing invasion of drug barons. On paper the organization is complete. On every occasion Aruban Prime Minister Eman (AVP [Aruban People's Party]) flourishes this exploit, which is said to have been realized above all due to the intercession of the Aruban Government. However, it is none other than his government which caused a conflict in the final phase of its realization by denying Procurator General J.H.M. Zwinkels, head of the Ministry of Public Prosecutions on Aruba, access to the three-member presidium of the coastguard commission, which among other things is to draw up a policy plan, operational plan, and budget. As a result delays have once again occurred.

As a member of the steering party which has prepared the coastguard from the start, Zwinkels was to have a seat in this presidium together with a representative of the Netherlands Defense Ministry, and former Procurator General of the Netherlands Antilles R.F. Pietersz. However, in his place the Aruban Government has put forward Police Commissioner Stanley Zaandam, one of the writers of the challenged report with which the Eman government came to the Netherlands recently to criticize the functioning of Zwinkels' Ministry of Public Prosecutions. Moreover Aruba has proposed the closure of the steering party, in which Zwinkels still has a seat.

Pietersz said: "I have pressed the Arubans to admit that they wanted to give up the steering party, and transfer the tasks to the presidium, exclusively and only because Zwinkels has a seat in it. When that truth had come out, I let them know that such a maneuver was impossible, because the tasks of the presidium are established in a general central government measure. Therefore a change of this kind would require a change to the law. Apparently the Aruban Government has now sent a letter to the Netherlands with a request that Zwinkels be replaced in the steering party by Zaandam. Therefore the ball is once again with the Netherlands."

Zwinkels himself refuses to make any comment while waiting for the government commission which is to carry out an investigation into the perturbed relations between his Ministry of Public Prosecutions and Aruban Government, which have already been reported on by ALGEMEEN DAGBLAD. The Eman government has also come into conflict with the Netherlands in relation to its representation in this government commission, because it is continuing to stick to a candidate who is unacceptable to the Netherlands: O. Henriques. The investigation, which was supposed to be completed before the summer, has already built up roughly a one-month delay because of this.

Pietersz believes it is going too far to accuse the Aruban Government of deliberately setting aside Zwinkels, the Ministry of Public Prosecutions, and the national criminal investigation bureau in order to turn Aruba into a sort of police state where the government has a free hand and corruption can flourish. "The term police state is still premature, although I can see things happening on Aruba which are not quite right under constitutional law. Zwinkels is involved in a personal drama, the influence of the Ministry of Public Prosecutions is limited, for a long time he has had no contact with his justice minister, and the government is trying to strengthen its influence via its own police force. This week it even once again examined how the independent national criminal investigation bureau could be brought under the regular police, so that the Ministry of Public Prosecutions would also lose its own investigation apparatus. Indeed relations have become very difficult and it is clear that organized crime is reaping the profits. I am also conscious that a developing country like Aruba can go wrong due to possible government corruption, even though I cannot support the DEA's comments with proof."

According to Pietersz, the greatest problem on Aruba is that people there do not follow any policy, take ad-hoc decisions, and wrongly believe that the justice minister is the boss. "Apparently people forget that the procurator general has his own responsibility to ensure that the

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law is followed. People should respect one another's positions and clearly agree what the political policy space is."

Mistakes were also made on the Netherlands side, believes Pietersz. The Ministry of Public Prosecutions has probably distanced itself too much from Aruban society by mainly appointing its own, Netherlands functionaries, including in the national criminal investigation bureau. Moreover the national council of ministers has not been clear in its approach to the problems of administration, and has sat on the fence by each time choosing formulations which all the parties can explain in their own way. "If all that does not change, then in this part of the kingdom things could quickly go downhill, and that would not just be limited to Aruba, because the difficulties could then have an impact on the Netherlands Antillean islands."

According to Pietersz' analysis, it is necessary to create more distance between the Ministry of Public Prosecutions and the justice minister of Aruba. Netherlands Home Affairs Minister Dijkstal has already suggested that this distance can be increased by moving toward the model of two separate procurators general for the Netherlands Antilles and Aruba. According to Dijkstal there should be a procurator general who operates from a joint Ministry of Public Prosecutions for these two parts of the kingdom. Instead of bringing the national criminal investigation bureau under the local police force, as Aruba wants, this institution should fall under this Ministry of Public Prosecutions on the Antilles and Aruba as an independent investigation team. Then it could deal with the really big cases, including among other things the suspect course of affairs around the expansion of Aruba airport, which according to insiders was deliberately awarded to a U.S. company for tens of millions of dollars. In addition part of this amount is said to have been passed on to the private accounts of the managers involved, the so-called kick-back deal.

The new procurator general for the Netherlands Antilles and Aruba should have himself represented on the islands by separate solicitors general. They would have to maintain the contact with the respective justice ministers, so that it would become very clear that these ministers cannot exercise any direct influence on the course of affairs within the Ministry of Public Prosecutions.

Pietersz would not express any opinion about the model of a reorganization of this kind. But he said: "If you want to bring back confidence between the official bodies for the maintenance of justice, then you have to approach this matter very structurally. That means: First establish general points of departure about how we want to deal with one another within the kingdom, which criteria are applicable, and by which procedures you get to such a point."

"Subsequently you ensure that the minimal necessary guarantees for the maintenance of justice are drawn up and implemented, and you can slowly start to work on the expansion of the legal order. Moreover I find it very regrettable that the Netherlands Justice Ministry remains so definitely out of the picture in this very important discussion, because that is the very place from where the initiatives in a kingdom-wide context should come. The Ministry for the Netherlands Antilles and Aruba in The Hague does not have the correct expertise in-house for reorganizations of this kind," he says.

In the meantime Aruba must lose its image as quickly as possible as the ideal money laundering machine in the Caribbean area, and apart from being a tourist paradise, above all an oasis for drug- related criminality and government corruption, says an influential businessman and member of the employers' organization on the island. Out of fear that his words will be used against him, he makes anonymous criticism of the Aruban Government, which "has called" Procurator General Zwinkels "a criminal" and "holds back essential information about the real course of affairs from the population."

"You cannot drag a procurator general through the mud just like that. Moreover it appears that some rich forces in the private sector are manipulating the cabinet and the States General to reach their own goals. Here we are living in great unease and uncertainty, that has to change." It is generally accepted that one of the most influential businessmen on the island, Randolph Habibe, has reached an agreement with U.S. justice to provide information about corruption practices and organized crime on the island in exchange for a reduced sentence, a plea bargain.

That agreement is said to have been made recently on Bonaire and Habibe is to report to the Americans via the Netherlands for hearing, judgment, and a short imprisonment. "One sheet of A4 is enough to name all the wrong names," Habibe, who is permanently accompanied by thick-set bodyguards, has already let it be known left and right. Habibe would not react to ALGEMEEN DAGBLAD, but the expectation is that he will enter into contact with the Americans shortly after 1 June.

In expectation of that the powerful families on Aruba are busy transferring their millions worth of possessions elsewhere and preparing an escape route. How do such illegal operators accumulate their capital? Insiders in the richly represented casino life on Aruba reveal off the cuff some of the many money laundering methods

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in the laundering circuit. "It is easy. Until recently there was no control at all on the casino business. You take a big pile of money, you buy some chips, and go to play a bit, winning or losing does not matter. Then you take the chips back and in exchange you get a bearer check from a bank in the United States. The amount that is ready for you is called casino winnings. No one ever looks in the books to see where that laundered money comes from, let alone the amounts concerned. Or you deal in drugs, get paid in cash, and with that money you buy containers full of whisky and cigarettes in the Aruba free trade zone. Then you export them without a problem and the earnings are cleaner than Snow White."

"Or you take a suitcase full of money and buy bearer bonds in one of the golf courses, you can find advertisements for them in the newspapers. Exporting illegal money is not difficult either, because there are scarcely any checks on the luggage of passengers who leave with small planes. But of course all that is only possible if you do not have too much trouble from a strongly controlling government or an active procurator general."

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Cuba

Cuba: Alarcon Sees Limits to Helms-Burton Law Application

PA0406012996 Havana PRENSA LATINA in Spanish 2037 GMT 3 Jun 96

[FBIS Translated Text] Havana, 3 Jun (EFE) — Ricardo Alarcon, president of the Cuban Parliament, has said that despite the sensation of terror that some people are trying to create internationally, "the practical application of the demoniac language of the Helms-Burton law has its limits."

In a conversation with a group of Chilean mayors, councilmen, and businessmen, Alarcon said the application of the U.S. law "is rejected by the governments of the entire world and you must also bear in mind the limitations of the U.S. legal and judicial practice itself."

The Helms-Burton law, which was approved by the U.S. Congress last March, is an attempt to intensify the economic embargo against Cuba and threatens foreign investors and shareholders in the island.

Alarcon said that the trials that have been announced against investors who do business with Cuba or entities in the island "have to deal with the fact that all judges, according to U.S. law, can only take action against those with a systematic business presence within its jurisdiction."

Alarcon said: "Most of the properties based in Cuba cannot be the object of lawsuits because there are no guilty parties or accused persons, who can really be the object of a judge's decision to confiscate their properties. Not even the claims of Cuban-Americans have any chance of being decided before 1998, according to the law itself.

The president of the Cuban Parliament said that Americans, who were former owners of companies in Cuba, which are now owned by the state, are opposed to the Helms-Burton law because, since they are considered to have the same rights as those who later acquired U.S. citizenship, they see that their possibilities for an agreement with the Cuban Government are growing smaller and smaller."

Cuba: Ukrainian Group Departs After Signing Agreements

PA3105121996 Havana Radio Rebelde Network in Spanish 1700 GMT 29 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Minutes before his departure, Ukraine's Chief of Staff [title as heard] Dmytro Tabachnyk stated that his visit to Cuba and the meeting with the commander in chief was successful and fruitful.

Tabachnyk told reporters at the Jose Marti International airport that the Ukrainian delegation's meetings with Cuban leaders were based on common interests, and the joint work between Cuba and Ukraine will benefit both nations.

[Begin Tabachnyk recording, in Ukrainian with passage by passage translation into Spanish] I think that it is especially important to realize [words indistinct] for Ukraine and Cuba. [end recording]

With regard to the upcoming visit of President Leonid Kuchma to Cuba, Tabachnyk stated:

[Begin Tabachnyk recording, in Ukrainian with passage by passage translation into Spanish] We have been talking about autumn 1996, but the precise date will depend of the constitutional process in Ukraine, because yesterday [words indistinct] to work in a draft of Ukraine's new constitution. [end recording]

On 28 May, Cuba and Ukraine signed a document that sums up the meeting of the co-chairmen of the joint Cuba-Ukraine intergovernmental commission, held in November 1995 in Kiev. This document reviews the agreements of the first joint commission and highlights Ukraine's interest in continuing to import Cuban pharmaceutical products in exchange for Ukrainian goods.

The document also mentions that an agreement to increase the number of regular flights between Kiev and Havana might be signed, and machinery, equipment, and the supply of spare parts for Ukrainian imports, 30,000 tractors among them, will be discussed.

In addition, the document foresees an upcoming intergovernmental agreement to send Ukrainian tourists to Cuba and to strengthen medical assistance for the children affected by Chernobyl's accident.

Jose Villar Barrueco, secretary of the Council of State; Vice Minister Isabel Allende; and German Amado Blanco, vice minister of Foreign Trade, bade Tabachnyk farewell at Jose Marti international airport.

Cuba: Education Minister Visits Canada's House of Commons

PA0106002596 Havana PRENSA LATINA in Spanish 1309 GMT 31 May 96

[FBIS Translated Text] Ottawa, 31 May (PL) — Today Cuban Education Minister Luis Ignacio Gomez visited Canada's House of Commons where the plenum of this legislative body greeted him with an ovation as Speaker [presidente] Gilbert Parent [name as received] introduced the minister.

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Gomez, who is in Canada heading a parliamentary delegation in his capacity as president of the Cuban-Canadian Friendship Group at the National Assembly of the People's Government (Parliament), attended a House session in which Prime Minister Jean Chretien was present.

The mission of the Antillean nation had already visited the Canadian Senate where Congressmen Jacques Hebert and Normand Grimard [names as received] condemned the U.S. blockade of Cuba and extolled links between Ottawa and Havana and Cuba's progress in achieving economic recovery.

The group of deputies has a work schedule that includes activities in Montreal and Toronto and meetings with leaders of the Canadian Government.

Cuba: Workers Group, Ministry Declare 'Sugar Emergency'

PA3105161996 Havana Cubavision Network in Spanish 0000 GMT 31 May 96

[Report by Jose Luis Rumbao; from the "NTV" newscast]

[FBIS Translated Text] The Cuban Workers Federation [CTC] and the Sugar Ministry [Minaz] today declared a sugar emergency because of its concern about the delay in the main agricultural activities that would guarantee the next harvest.

Current statistics suggest the advisability of declaring the emergency in order to take full advantage of the month of June, because the rains could disappear as quickly as they begin. Most of the land to be planted is dry, nonirrigated land; therefore, the rains are indispensable. Yesterday, 262 caballerias were planted throughout the country, 168 caballerias were planted on 28 May, and nearly 400 caballerias were planted today before the final statistics were registered, but we should be aware of other phenomena.

Historically, May ends with the highest levels of sugarcane planting, and on 1 June planting drops almost to zero, because May is a critical month in the planting program. Many factors have contributed to make June the month during which the most sugarcane is planted. It is not due to a delay in harvesting, because certain provinces still struggling with the harvest, such as Holguin, have a high level of planting. Other provinces, such as Matanzas, Ciego de Avila, Camaguey, and Havana, have concluded their harvest, and Minaz believes they are critical to the sugarcane crop.

We know that there is always a tendency in the end to turn planting into a marathon, but even so it is necessary to plan well so we may grow long sugar cane [words indistinct] and with less people, but we must plant and must be aware that sugar is what we need in the end.

Cuba: R. Castro Closes Scientific Military Workshop

PA3105155296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 29 May 96

[Speech by First Vice President Raul Castro at the closing of the Scientific Military Workshop in Santiago de Cuba; date not given; from the "NTV" newscast — recorded]

[FBIS Translated Excerpt] [Passage omitted on historical references to Cuban rebel Army battles during 1958]

The political-military thought of the commander in chief sums up the best of our people's fighting experience, from the brilliant mambi generals to the rebel commanders. This thought is still enriched by our experiences in the fight against bandits, the Battle of Giron, the internationalist missions, and the rest of the activities comprising, to this date, the preparation for the country's defense in the face of an enemy that has an evident superiority both in the quantity and quality of its weapons, just as it was with Spanish colonialism and the Batista tyranny. All these concepts constitute the basis and essence of our current military doctrine based on the concept of the war of all the people.

The study we have concluded today, the area to which we are referring, has been serious and fruitful, but it would be wrong to think we have ended the issue with it. We must view it as a new phase we have overcome. We should think of the practical measures that need to be implemented by the Ministry of the Revolutionary Armed Forces and other organizations so the results of this work may be made available to the professors and students of the Revolutionary Armed Forces Academy, cadet schools, the schools for the Territorial Troops Militia, and the rest of the officers through individual study. Furthermore, it is necessary for the principle party and government cadres in the provinces and municipalities— they have important responsibilities regarding the defense—to know of this requirement. The study on to what degree this investigation's conclusions, or the conclusions that might be reached in an immediate future, on the reasons that guaranteed victory despite the unfavorable and huge correlation of forces is present now in the idea of how to wage combats in every inch of our military theater of operations.

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Cuba: Trial Against 29 Alleged Drug Traffickers Held

PA3105122196 Havana Radio Rebelde Network in Spanish 1700 GMT 30 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] A trial against Cuban citizens involved in drug trafficking is taking place in Guantanamo.

Case Number 123 of 1995 is being tried in the second penal courtroom of Guantanamo People's Court and involves 29 citizens from Guantanamo, Santiago de Cuba, and Havana, who are accused of drug possession and trafficking.

The investigation shows that the events began around 4 November 1994, when two Imias' neighbors who were diving for fish in the area known as La Guardaralla, in the border between Imias and San Antonio del Sur, discovered a floating bundle near the shore. They immediately opened the package and found several small packages inside, containing a fine white substance that they suspected to be toxic cocaine.

Instead of reporting this to the proper authorities, the two men carried the cargo to the house of one of them in Imias, contacted other residents in Guantanamo, and soon began to sell this harmful product. They thus created a network that spread up to Santiago de Cuba. However, a couple that tried to transport 1 kg of this cocaine in a package strapped to their stomachs was captured on 23 November in this province, and the investigation began when part of the network was discovered.

Authorities were able to find out that the network had already spread to Havana, and, at the time of the capture, approximately 14 kg of cocaine have been sold, at a price between $3,000 and $3,500 per kg — 20,000 and 30,000 pesos. From here, authorities began to look for and arrest the people involved, who are now appearing before Guantanamo People's Court accused of drug possession and trafficking.

The prosecutor's office has requested jail terms between seven and 15 years for the 29 traffickers from Guantanamo, Santiago de Cuba, and Havana. This public hearing will end tomorrow.

Cuba: Oldest Havana Railroad Line Reactivated

PA3105121796 Havana Radio Rebelde Network in Spanish 1700 GMT 29 May 96

[Report by Pepe Suarez; from the "National Radio News" newscast]

[FBIS Translated Text] The oldest urban transportation railroad line in Havana was resurrected a few moments ago, when the train that runs from Cristina station in Havana Vieja, to Santiago de las Vegas station in Boyeros Municipality, south of the city, was reactivated.

At noon today, party, government, Transportation Ministry officials, railroad union workers, and the Transportation and Road Directorate of Havana people's government handed Havana's residents the new totally rebuilt railroad section, and Santiago de las Vegas station, which was reconstructed from its foundations.

The renovation of the city's railroad system is an indication that the recovery of Havana's cultural architectural surroundings and its urban transportation network continues.

Cuba: Eastern Army Forces To Hold Exercises 31 May-6 Jun

PA3105185696 Havana Cubavision Network in Spanish 0000 GMT 31 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Territorial ground forces, production and defense brigades, and regular troops will conduct tactical, bilateral exercises in the Eastern Army territories between 31 May and 6 June. The main objective of the exercises is to study the defense of the city; likewise, they are intended to improve the performance of the chiefs and the command and leadership organizations at various levels. The exercises also will help improve the combat readiness of the troops in daytime and nighttime combat in the city and approach maneuvers to the city.

The 10th FAR [Revolutionary Armed Forces] General Tactics Meeting also will he held with chiefs, officials, professors, and cadets of military school units and centers. The meeting will be the basis for the studies being conducted to improve the concept of a war of all the people.

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Cuba: Program Roundtable Discusses Nation's AIDS Problem

PA0406022796 Havana Cubavision Network in Spanish 0200 GMT 29 May 96

[From the "Open Agenda" program]

[FBIS Summary] A roundtable discussion on AIDS in Cuba begins with guests Jorge Perez, director of the Santiago de las Vegas Hospital, Mariluz Rodriguez, director of Health Promotion and Education at the Public Health Ministry, Armando Alvarez, an HIV positive patient, and program host Antonio Resillez.

Resillez asks Perez how many Cubans have AIDS. Perez says: "There are 1,276 people in Cuba who are HIV positive; of these, 71 percent are male, and 29 percent are female, 484 have become ill with AIDS, 324 have died, and 27 others have died from causes other than AIDS."

Perez then comments on an AIDS workshop held in Brazil recently. Perez talks about AIDS vaccines, saying: "Our country also has developed a test vaccine, on an experimental level, developed by the comrades in genetic engineering and biotechnology. This test vaccine is in its initial phase, for study. It will then be submitted to a clinical trial, the first 80 people in our country".

Resillez asks how many patients are in the Santiago de las Vegas Hospital. Perez says: "There are 226 patients. The hospital's capacity is for 300 patients. We have 96 people who are outpatients." Resillez asks: "How many hospitals are there in the country?" Perez responds: "Thirteen hospitals."

Resillez asks whether the number of AIDS cases in Cuba has decreased or increased. Perez says: "We analyzed the first four-month period during the AIDS national technical meeting. We detected 80 HIV positive cases compared to 34 last year, meaning that there is an increase in the number people who are HIV positive. We cannot talk about a trend in four months of one year. A trend is something analyzed during a longer period. We have been able to stop this epidemic during 10 years; we have delayed it 10 years. Our trend has increased slightly, but there has not been any exponential growth as in other countries, but we have seen an increase, particularly this year. The number of cases detected during the first four months has practically doubled, almost tripled, compared to last year; this has been fundamentally in connection with sexually transmitted diseases".

Perez then goes on to say that the cases detected have affected both homosexuals and heterosexuals. He adds: "This year, the increase has been primarily in men and not in women. Women have maintained the same level. During these 10 years, regarding male and female prostitution, we have detected 71 people; of these, 51 were females, and 13 were males".

Resillez asks Rodriguez about the current state of Cuba's AIDS program. Rodriguez says: "From the very beginning, our program enabled us to confront the AIDS issue completely. The aspects regarding prevention had great weight, without losing sight of the importance of taking care of those who were HIV positive, but I think there have been important elements that have changed in the program during all these years. One has been the inclusion of the outpatient program. Undoubtedly, we have reached this point through development. Throughout these years, the conditions among the community, population, and in our health system have fostered the creation of a strong, primary care system. It has defined the type of care this group of people has required. The program has emphasized all aspects of the work involved, health education, information, and an all-out effort from the media regarding the AIDS issue." Rodriguez goes on to brief Resillez on a forthcoming health council meeting.

Resillez and Armando Alvarez comment on the AIDS issue from Alvarez's perspective, both as a doctor and as someone who is HIV positive. Alvarez stresses the importance of safe sex.

Resillez then announces a relay from Holguin where a guest identified only as Dr. Lydia is seen sitting in a television studio. Lydia says the public's opinion has changed and has become more positive with regards to AIDS patients. Resillez asks Lydia about the number of patients she has. She says: "I have 20 patients in the hospital, and I have 12 in Holguin and seven in Las Tunas at outpatient clinics."

Perez sends his best regards to Lydia and questions her about her patients' condition. Lydia answers: "The patients are doing well. Several are in a somewhat critical condition, but they are coming along well in general." Perez praises Lydia's work and asks whether the extra supply of food has been maintained. Lydia responds: "Yes, that is being maintained. A joint effort was made with members of the government, and this effort has made it possible for the initial diet planned for these patients, approximately 3,000 to 3,500 calories a day, to be kept." Lydia adds that the majority of her patients are "between 20 and 39 years of age." Perez and Lydia comment on the disease's incubation period.

Resillez thanks Lydia for her presence on the program and asks Perez whether he expects any mayor, scientific breakthrough in the near future in the struggle against AIDS. Perez then briefs Resillez on recent test vaccines and discoveries made around the world.

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Cuba: Roundup of Sugarcane Developments Through 2 Jun

PA0406005296

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 2 June.

While Matanzas is ready to hold its provincial assembly preceding the 2d Pioneers Congress, 85 percent of college and high school students have voiced their commitment to participate in the summer's working student brigades. More than 10,200 youths will spend 15 days of their summer vacation performing tasks related to the recovery of sugarcane and agricultural production, construction, forestry, and nursing and hospital services. (Havana Radio Rebelde Network in Spanish 1155 GMT 23 May 96)

Havana residents' main goals is to plant as much as possible in the days remaining in May in light of the emergency declared in the spring sugarcane planting plan. Until 22 May, 371 of 744 caballerias of sugarcane had been planted in Havana. Planting is considerably behind schedule if we take into account that the May goal calls for the planting of 208 caballerias. Only 87 caballerias have been planted so far mainly because of the delays triggered by heavy rains. However, the sugarcane agriculture believes that if all sugarcane mobilizations the industrial automation centers, the CAI's, require are made and if the rains stop, the planting plan could be fulfilled, because there are 111 caballerias already ready to be planted. In order to determine the amount of workers that must be mobilized to intensify the spring sugarcane planting, Candido Palmero, Communist Party of Cuba's, CTC, secretary in Havana Province, is touring the 16 sugarcane CAI's. The sugar mills that are still grinding in the province, the (Porindun Santacoloma) and the Augusto Cesar Sandino, are making big efforts to grind more sugarcane. (Havana Radio Rebelde Network in Spanish 1155 GMT 23 May 96)

Santiago de Cuba Province is working hard to become one of the country's first provinces to fulfill the spring sugarcane planting plan, which calls for 477 caballerias. This province's efforts are aimed at grinding 40 million more arrobas of sugar in the next harvest, which will mean a 21-percent increase as compared to the harvest that recently ended. The (Tongolamaya) municipality, through the Salvador Rosales Mill, already fulfilled its planting plan. Santiago de Cuba does not have any difficulties in fulfilling its spring planting plan; however, the Dos Rios, America Libre, and (Pachito Rosales) mills must work on their delays. (Havana Radio Rebelde Network in Spanish 1700 GMT 23 May 96)

In Cienfuegos Province, the spring sugarcane planting plan, which calls for 1,200 caballerias, is being fulfilled at 102 percent, which is one of the best results in the country. The province has only 150 caballerias left to fulfill the May plan. Some 156.6 caballerias were planted in the past 10 days. In addition, the manual weeding of the sugarcane fields is being fulfilled at 104 percent, and the fertilization of the fields, at 114 percent. (Havana Radio Rebelde Network in Spanish 1700 GMT 23 May 96)

In Camaguey Province, there is a new strategy to face the sugarcane emergency. This province lags the farthest behind in the sugarcane schedule. Approximately 12,000 to 15,000 workers are mobilized daily in Camaguey to cut sugarcane and fulfill their commitment with Fidel Castro. (Maximo Perez), CTC second secretary in Camaguey, said that more than 500 caballerias are ready to be planted. (Havana Radio Rebelde Network in Spanish 1700 GMT 23 May 96)

In a rapid response to the emergency declared in the sugarcane sector, peasants of Santiago de Cuba have become the country's first contingent to fulfill its spring sugarcane planting plan. To do so, they had to work in approximately 60 caballerias before 30 May. Most of the 37 sugarcane cooperatives had already planted their areas by 19 May. Santiago de Cuba has become the best province in sugarcane recovery in the last few years. These peasants have done so without neglecting other tasks. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 24 May 96)

Camaguey Province lags farthest behind in sugarcane planting. The PCC has made a call to achieve better yields in this task. This situation is a very difficult one for the province, as only one sugar mill, the Alfredo Alvarez Mola Mill, has fulfilled its goal. Even though the Siboney and Candido Gonzalez Mills will fulfill their plans in a few hours, Camaguey is far from honoring its commitment. In this first half of the year, more than 2,000 caballerias had to be planted, but only 1,630 caballerias have been planted so far. The heavy rains are helping in the planting of the sugarcane, and this is why a call is made to double the participation of men and women in this activity. There are 500 caballerias ready to be planted. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 May 96)

Pinar del Rio Province on 24 May started a mobilization for the manual cutting of sugarcane. More than 8,000 men are expected to guarantee the work in the San Cristobal fields. Operation Victory started on 24 May and calls for cutting as much sugarcane as possible. These fields were adversely affected by heavy rains;

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thus, it was decided to cut by hand the more than 1 million arrobas remaining. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 May 96)

Ciego de Avila Province is resuming sugarcane activities, which were suspended last weekend. The Ciro Redondo and Bolivia Mills have started operating again. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 May 96)

The Antonio Guiteras Sugar Mill, located in Las Tunas Province, has ground 100,000 tonnes of sugar despite the numerous problems triggered by the bad weather. Equipment, machete workers, and industrial workers from neighboring provinces have been brought in to the grinding of this and other mills to make up for the delays in the production plan. Approximately 70,000 tonnes still need to be ground. (Havana Radio Havana Cuba in Spanish 1300 GMT 27 May 96)

Holguin Province is about to fulfill its sugar production plan of 495,000 tons. Holguin residents, along with groups from almost all the country's provinces, will continue to grind. It is estimated that the province's mills will be able to grind approximately 15 million arrobas of sugarcane. If the province grinds the remaining sugarcane, it will become the province that produces the most sugar. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 May 96)

Santiago de Cuba Province is in shape to fulfill its spring sugarcane planting plan. This province on 27 May became the country's first to fulfill its May goal. It only has 77 caballerias left to plant. So far, Santiago de Cuba has planted approximately 400 of the 477 caballerias it had planned. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 28 May 96)

According to a 28 May, Havana-datelined report, the production of the Cuban sugar industry has amounted to 4.4 million tonnes, 33 percent more than in the 1994-1995 sugarcane harvest. According to the daily GRANMA, these results indicate the favorable recovery of the sector, which had been adversely affected in the last few years by the lack of raw materials and equipment. About 23 factories in seven provinces are still processing raw materials to fulfill the plan authorities have drafted for this period, 4.5 million tonnes of sugar. (Havana PRENSA LATINA in Spanish 1137 GMT 28 May 96)

Sancti Spiritus Province has become the country's second province to fulfill its spring plan for May. By 31 May, this province had to plant 570 caballerias of sugarcane, but 600 have been planted so far. By 30 June, Sancti Spiritus must have planted 792 caballerias. In addition, as far as weeding is concerned, workers have weeded more than 6,700 caballerias. (Havana Cubavision Network in Spanish 0000 GMT 29 May 96)

Las Tunas Province on 30 May completed the production of 400,000 tonnes of sugar, 113,000 tonnes more than last year. It still has approximately 46 million arrobas of sugarcane to cut and grind. La Tunas has planted 900 caballerias as part of its spring sugarcane planting plan. (Havana Cubavision Network in Spanish 0000 GMT 31 May)

The workers of the two loading ports in Las Tunas so far have stored more than 1 million metric tonnes of sugar, 71,000 tonnes more than in the previous harvest. The Guayabal loading port again wins an award for storing more than 500,000 tonnes of sugar. (Havana Radio Rebelde Network in Spanish 1700 GMT 31 May 96)

Yadira Garcia, PCC first secretary in Matanzas, has said that although the province was unable to fully fulfill its sugar production plan, its workers have heeded the country's call. She added that Matanzas has produced more sugar than in the previous three harvests. She has said the only manner in which Matanzas workers can make up what they fail to produce is to have more sugarcane for the next harvest. (Havana Radio Rebelde Network in Spanish 1700 GMT 31 May 96)

Although Havana Province has failed to fulfill its sugar production plan, it grew by 32 percent, 81,000 tonnes more than the previous harvest. The men and women who stood out in this harvest in Havana were decorated on 2 June. Eight of the province's 16 sugar mills did fulfill their production plans. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 3 Jun 96)

Haiti

Haiti: Police Training Program To Receive U.S. Funds

PA0406041196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 3 Jun 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The United States is ready to give significant assistance to the Haitian Police in the struggle against crime.

The U.S. Embassy in Port-au-Prince deplores the violent actions that occurred in Haiti this past week. According to the U.S. ambassador to Haiti, the United States has about $64 million available to fund the Haitian Police training program. [passage omitted]

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Haiti: Diplomatic Ties Established With Russia

PA0406042796 Port-au-Prince Signal FM Radio in Creole 1800 GMT 3 Jun 96

[From the "Haiti Today" newscast]

[FBIS Translated Excerpt] Diplomatic relations have been established between Haiti and Russia.

The Republic of Haiti and the Russian Federation this past weekend officially established friendship, according to what the Haitian and Russian foreign ministers, Fritz Longchamp and Yevgeniy Primakov, respectively, announced today. During the 25th regular session of the OAS in Panama, they signed a joint communique in which they note the establishment of diplomatic relations between the two countries at the level of nonresident ambassadors.

According to the Haitian Chancery, this establishment of official relations between the two nations takes place within the reestablishment of diplomacy between Haiti and Russia. It also is a response to the trend of solidarity more advanced nations of the international community have shown. Haiti wants to demonstrate it as well through the establishment of relations with various countries. [passage omitted]

Haiti: Chansolme Residents Kill 7 After Mayor's Death

PA0306193696 Port-au-Prince Signal FM Radio in Creole 1130 GMT 31 May 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Chansolme residents killed seven suspected zenglendoes overnight 30-31 May, following the assassination of their mayor in Port-au-Prince. Residents took seven people who were in police custody for robbing buses between Port-au-Prince and Port-de-Paix out of the police force's hands. Three of the vicitims have been identified. Chansolme residents are threatening to kill anyone in the area who is armed and not a policeman.

Haiti: Port-au-Prince Mayor on Street Searches

PA0306193596 Port-au-Prince Signal FM Radio in Creole 2100 GMT 31 May 96

[Report on news conference by Port-au-Prince Mayor Emmanuel Charlemagne at Port-au-Prince City Hall on 31 May; from the "Signal Current Events" newscast]

[FBIS Translated Text] Delmas police officers have been taking action following the murder of Officer Valcourt Desir. Many officers have asked that the materials they need to do their jobs be put at their disposal. Kenol Dorvil, a Signal FM correspondent, has spoken with several police officers who are worried about the situation: They said that they have asked for the materials that they need not only to do their jobs but also to protect themselves from thugs who kill policemen, including five officers within the past 45 days.

Port-au-Prince Mayor Emmanuel Charlemagne agrees that the Haitian National Police force should be equipped with the materials that it needs to do its job. He has said that he has a sizeable arsenal of Uzis, (?Fals), and other weapons that he is ready to put at the police force's disposal. Charlemagne has said that he will help in any way that he can in the fight for security and against the zenglendoes. He has asked his Haitian constituents to appoint him deputy general director of the National Police force so that he can fight zenglendoes or, if that is impossible, to create a post for him in a ministry linked to the police. Charlemagne has said that he is ready to play his role, stressing that he wants to do everything in his power to promote security in Port-au-Prince. He has pointed out that these policemen are young and lack experience and must have access to the materials that they need:

[Begin Charlemagne recording, in progress]...the administration backs me up, so I can assume responsibilities for the community. This is what I will tell the National Police force. Authorities from Port-au-Prince City Hall were carrying out searches in the streets. There was no such thing. Legislators are seething with rage [mesye lachanm yo fin anraje]. We do not know whether they are reactionaries who have prompted other rectionaries to seeth with rage or not. You do not know in what...[pauses] You do not know what side you are on right now? We have blocked it. Deputies are being hit with bullets. Five policemen have been killed. A mayor has been killed. We will resume searches tonight with Galils, (?Fals), Uzis, and 9mm guns. [end recording]

This was Joseph Emmanuel Charlemagne, the first citizen of Port- au-Prince, who claims to have the heavy weapons and ammunition that the police force needs. He said that since criminals carry heavy weapons, policemen should carry weapons that allow them to respond to any aggression.

Haiti: Demobilized Military Personnel To Demonstrate

PA0406040296 Port-au-Prince Signal FM Radio in Creole 1130 GMT 3 Jun 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Demobilized military personnel say they will stage a peaceful march in the streets of

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the capital to demand 20 months of salary in arrears from the Haitian authorities. The demobilized military personnel, who say they are still active, say they also are going to protest against the high cost of living and insecurity in Haiti.

The Rally of Military Dismissed Without Reason objects to a 6 February law of the legislative branch establishing the nonexistence of the Haitian Armed Forces. The demobilized military members have threatened to take certain actions to force the government of the Republic to satisfy their demands by paying them the salaries the state owes them.

The demobilized say they will demonstrate in several streets of the capital today to force the Haitian officials to hear their demands.

Haiti: Preval, Parliamentarians Meet on State-Owned Firms

PA0406044596 Port-au-Prince Signal FM Radio in Creole 1130 GMT 3 Jun 96

[From "The 0730 Appointment" newscast]

[FBIS Translated Excerpt] There was a meeting between President Rene Preval and a group of Haitian parliamentarians at the National Palace on 2 June. The two parties talked about the conforming of relations between the executive and legislative branches. Several other topics, such as the modernization of state-owned enterprises, were broached.

According to Deputy Alix Chataigne, the meeting allowed the two parties to analyze how to move the country forward:

[Begin recording] [Chataigne] President Preval never talked about privatization as.... [pauses] the way you ask the question. It was a matter of precautions, of advantages and inconveniences. It was a dialogue, a very interesting dialogue, between two parties. The debate was very animated, and everyone was at ease to deal with the issues. We are looking for cohesion and conformity so we may see where we are headed. All issues were broached. [passage omitted]

[Unidentified reporter] During this meeting, did you talk about the future of the state-owned enterprises?

[Chataigne] Everything was discussed. We talked about them, what can be done with them, the reforms to be made with them, etc., but everything was discussed.

[Reporter] When you broached the issue of the capitalization of the state-owned enterprises, how did the president deal with it with you, and what help did he ask the parliamentarians for so we can reach a law with the objective of favoring the modernization and capitalization of the state-owned enterprises?

[Chataigne] It is a necessity, because the state-owned enterprises have problems. The only thing is that the president never talks about the sale. He set all the parameters; we discussed them. If there are reforms to be made in them.... [pauses] It is necessary for administrative reforms to be made; this is a requirement. It is not a constitutional requirement but, rather, a national one. The reforms must be made before the implementation of the economic plan. This is the opinion of many of the parliamentarians. [end recording]

These were statements by Deputy Alix Chataigne on the meeting on the conformity of relations between the executive and legislative branches that took place at the National Palace between President Preval and a group of Haitian parliamentarians. On modernization and the capitalization of the state-owned enterprises, the deputy has said the president does not intend to sell these enterprises but, rather, to capitalize them.

At the National Palace on 1 June, President Rene Preval also met with a group of union members on modernizing the state-owned enterprises and Haiti's progress. The Haitian head of state also met with Haitian employers associations at the National Palace on 31 May. The head of the executive had a working session with the various members of the employers associations. They discussed the modernization of the Haitian state-owned enterprises and the national budget.

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Mexico: Spain To Adopt Measures To Avoid U.S. Sanctions

PA0406043396 Mexico City XEW Television Network in Spanish 0330 GMT 4 Jun 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Spanish Government will adopt measures to avoid U.S. Government sanctions against Spanish businessmen.

Spanish Ambassador to Mexico Jose Luis Dicenta, in an interview held today, talked about the injustices of the Helms-Burton law. After inaugurating the Mexico-Andalucia business meeting, the Spanish ambassador said that both his government and the European Union oppose the law. In this regard, he said:

[Begin Dicenta recording] It is a law in which instead of resorting to force, they are resorting to the law of force, therefore, we do not think it will be positive for the objectives it is seeking and, as I said before, it is not in keeping with international law. [end recording]

He said the Spanish Government will defend the interests of Spanish businessmen in Cuba. He said that warning letters issued by the U.S. Government have not been received and added that none of the Spanish businessmen have announced their departure from Cuba.

Mexico: Spanish Envoy Says Interests Must Be Defended

BR0406113796 Madrid EFE in Spanish 0019 GMT 4 Jun 96

[Unattributed report: "Spain Will Delay Extradition Treaty If There Is No Retroactivity"]

[FBIS Translated Excerpt] Mexico, 2 Jun (EFE) — According to Spanish Ambassador Jose Luis Dicenta, Spain will delay the ratification of the new extradition treaty protocol signed with Mexico if the government's interpretation cioncides with that of the attorney general. [passage omitted]

With regard to the Helms-Burton law — which raises the possibility of sanctions to foreign companies in Cuba who deal in goods confiscated by the Cuban Government — Dicenta said that Spain and the other EU countries expressed their opposition to the law, which violates the international community's rules.

"It is a measure which, instead of resorting to the rule of law, resorts to the rule of force, which is why we absolutely oppose it and we do not believe that it is positive," according to the ambassador.

Dicenta said that Spain is working within the EU to find a response to the law, as well as studying actions to defend Spanish interests in Cuba.

"In Cuba there are very strong Spanish interests, there is a very particular link from all points of view [with Cuba] which does not exist with other European countries. Thus, the Spanish Government must defend, as is its obligation, Spanish businessmen's interests and presence in Cuba," he said.

He said that the Spanish companies that have invested in the island, especially in the tourist industry, have not yet received any letter of warning from the United States. He also said that so far no businessman has announced that he will withdraw from the island or cease his activities.

Dicenta declined to make any comments on the measures which the government will take to defend Spanish companies in Cuba if they are affeted by the Helms-Burton law.

Mexico: Minister on Possible Extradition Treaty With Spain

PA0206193796 Mexico City XEW Television Network in Spanish 0330 GMT 1 Jun 96

[Report by Norberto Mazza; from the "24 Hours" newscast]

[FBIS Translated Text] Mexican Secretary of Foreign Relations Jose Angel Gurria has stated in Caracas that Mexico is willing to immediately sign the new extradition treaty with Spain.

[Begin Gurria recording] The protocol to modify the current extradition treaty was already discussed with the Spanish Government. We negotiated, approved, and initialed it. Furthermore, the protocol was confirmed by both parliaments and it will go into effect as soon as we exchange diplomatic notes. Thus, we hope the controversy will be cleared up in the next few days and that the information [not further explained], which has been given so much coverage in Spain, will not have any consequences. [end recording]

During his visit to Venezuela, Secretary Gurria met with his Venezuelan counterpart, Miguel Angel Burelli Rivas, and exchanged views on the Basque refugee situation. Venezuela has also received extradition requests for the more than 30 ETA [Basque Homeland and Liberty] members who currently live in that country.

[Begin Gurria recording] The objective is to counter impunity. The objective is to fight terrorism, a situation that, regrettably, is a modern-era problem in many of our countries. In this sense, we are actively cooperating

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with Spain and other countries in the world to stop the problem from growing. [end recording]

The amendment to the valid treaty between Spain and Mexico could go into effect beginning in June.

Mexico: Exporters Demand Action To Counter U.S. Law

PA0306231096 Mexico City EL FINANCIERO in Spanish 30 May 96 p 23

[Report by Lourdes Gonzalez, Leticia Rodriguez, and Salvador Rico]

[FBIS Translated Text] The country's exporting community has demanded that the government and the private sector act on five fronts to counter the effects of the Helms-Burton law.

— Expedite the drafting of an antidote law [ley antidoto];

— Lobby U.S. companies "from within" to demonstrate the unconstitutionality of the U.S. legislation.

— Strengthen the struggle through international forums.

— Form alliances with other affected companies.

— Expedite the installation of the panel to resolve controversies of Chapter 20 of the North American Free Trade Agreement (NAFTA).

Gilberto Marin Quintero, president of the National Council of Foreign Commerce (Conacex), also has called on exporting companies to increase and to improve their participation in Cuba, because, he has said, other companies have ceased to sell to the Caribbean island fearing the effects of the Helms-Burton law, the reason why important niches for Mexican products have opened up.

In addition, Business Coordinating Council (CEE) President Hector Larios Santillan has said the government will be pressed to exert the corresponding pressure before the U.S. Government so that law does not hurt Mexican investors.

He has said the Foreign Secretariat has received six recommendations to resolve the problem, one which states that the U.S. legislation does not produce any effect in third countries, as is the case of Mexico.

After noting that from 25 to 30 Mexican companies may be affected, because they have permanent commercial relations with Cuba, he reiterated the private sector's rejection of the implementation of this law, which is unconstitutional because it affects third countries.

At the same time, the Standing Committee of the Congress "absolutely has rejected the Helms-Burton law" because it "undermines our sovereignty and violates international law" and has confirmed that legislation will be enacted to defend Mexico's business ties in the face of that U.S. legislation.

The committee's statement also has mentioned the advisability for the Mexican Government to conduct joint actions with nations affected by this law and to appeal at the appropriate international forums so the appropriate decision is made in view of the intentions of that law.

"Solidarity with the people of Cuba is reiterated," stated the document signed by PRI [Institutional Revolutionary Party] lawmakers Fernando Ortiz Arana, Jose Murat Casab, and Samuel Palma Cesar, PAN [National Action Party] lawmakers Gabriel Jimenez Remus and Ricardo Garcia Cervantes, PRD [Party of the Democratic Revolution] lawmakers Hector Sanchez Lopez and Salvador Martinez Della Rocca, and PT [Labor Party] lawmaker Alejandro Moreno Berry.

The document states that the Helms-Burton law encroaches upon Mexican sovereignty by penalizing those who have commercial relations with the island, be them public or private enterprises, physical individuals, or companies.

The document states that the Helms-Burton law "punishes countries that do not share the U.S. Government's foreign policy for Cuba, a situation contrary to Mexico's tradition of foreign policy, which is founded on the principles of nonintervention and self-determination of the people."

The document affirms that the Helms-Burton law goes against norms established by the World Trade Organization and NAFTA.

Marin Quintero has said advice has been sought from various law firms regarding the unconstitutionality of the U.S. law, which reinforces the embargo against Cuba.

Marin Quintero has called on the trade commissions of the Chamber of Deputies and the Senate to speed up the drafting of an antidote law to have it available as soon as possible so as to avoid possible extraterritorial penalties and actions.

Marin Quintero has said during a news conference that exports to the island presided over by Fidel Castro will not be penalized and that only investments made on property confiscated by the Cuban regime can be subject to penalties.

The Conacex leader has said antidote laws of Canada and the United Kingdom can be taken as antecedents.

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Marin Quintero has said the U.S. president has the power to annul the implementation of the Law of Democratic Solidarity and Cuban Liberty 1996, but "he will not do it, because he would lose popularity" in an electoral year.

Interviewed during the 10th National Meeting on Housing, Hector Larios Santilla, the CCE leader, has recalled that this law has a calendar, that warnings will be issued on 1 August and penalties would be applied as of 1 November.

We do not agree with the violation of international law, and this law must be resolved between the United States and Cuba, Larios has said.

For this reason he has demanded that the law not be applied on Mexican enterprises doing business on the Caribbean island and that they be spared problems in the future. It is necessary to see their situation to determine whether they are affected by the Helms-Burton law.

Meanwhile, the vice president of the Confederation of Industrial Associations, Luis Martinez Arguello, has said the Helms-Burton law will not affect Mexican businessmen exporting products to Cuba.

Martinez Arguello has said Mexican investors have the opportunity to sell their products in other markets, such as the Latin American and the European markets.

He has said exports to the Caribbean island in 1995 increased to 500,000 tons, so the law will not have any significant effect.

During an interview, Martinez Arguello has said Mexican industrialists are more concerned about covering the domestic demand than with exporting their products.

Mexico: Foreign Minister on Action Against U.S. Law

PA0206143996 Caracas EL NACIONAL in Spanish 31 May 96 p A2

[Article by Gioconda Soto]

[FBIS Translated Text] Upon learning that the Domos conglomerate had received one of the U.S. warning letters to withdraw its business from Cuba, Mexico issued an official protest letter rejecting this first step in implementing the Helms-Burton law and announced that it reserves "the right to take any kind of action to defend Mexican companies."

Mexican Foreign Relation Secretary Jose Angel Gurria Trevino again confirms the determination of the Aztec country to fight the U.S. law.

"Mexico believes the law (Helms-Burton) violates the UN, OAS, and World Trade Organization (WTO) charters, NAFTA, and private international laws," Gurria said.

Gurria emphasized that the Mexican Foreign Relations Secretariat is "exploring all measures that could be taken." These consultations are already in their second round in Canada with NAFTA, where they are considering possible future actions, including an "evaluation of the law with its partners in the Rio Group."

The head of Mexican diplomacy admits that because the criteria used by the U.S. Government to implement the law has not been made public and is, therefore, largely unknown, "it is very difficult to know exactly how to defend the interests of one or a number of companies," since at this moment "the fact that a letter was sent to a Mexican company does not mean that it will be sanctioned."

Gurria regrets that the U.S. elections play such an important role in the strengthening of the embargo against Cuba. Gurria warns that what is bad about all of this is that "a permanent decision is made; a law is a law and remains one forever."

[EL NACIONAL] Are any other short-term actions against the Helms-Burton law planned by Mexican diplomats?

[Gurria] We are exploring a pair of laws, one in Canada and one in England, which would impede Mexican companies from answering requests for information that could be used against them. Moreover, it has been suggested that things could go to the extreme of allowing Canada to bring charges against any company that accuses a Canadian company in the United States..., and if there are travel restrictions against these people, Canada could adopt similar laws where executives from companies that accuse Canadian companies would require visas.

Gurria says that it is possible that letters of request, in which one government requests information from another government, will go unanswered. Gurria revealed that on a multilateral level, there have been some consultations with the World Court. Gurria admits, however, that "we have to see if it is a practical, expeditious, and useful mechanism."

Regarding specific actions, Gurria mentioned the support that the Mexican Government would give to individual actions taken by Mexican companies acting in their defense for having been accused, or for complaints from a Mexican company to the U.S. Government because of the effects of the law.

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PRIDE IN THE PEACE NEGOTIATIONS

Gurria said that as foreign affairs secretary, and as a Mexican citizen, he is "very proud" that his country's response to the Zapatist conflict "has been dialogue, negotiation, and reconciliation, which has resulted in specific agreements that respond to the legitimate demands of the Zapatist National Liberation Army regarding property rights, Indian rights, etc."

Gurria emphasizes that a "real peace dialogue has been going on for 27 months," and adds that "when they speak of Chiapas, people forget that there was an armed conflict only during the first 10 days, then, beginning with the previous administration, there was a unilateral cease-fire, an amnesty, and the beginning of negotiations that continue in the current administration."

[EL NACIONAL] How does the Mexican Government view the figure of Commander Marcos?

[Gurria] What is important in the Chiapas case is not the individual protagonists, or whether they are more newsworthy or not. What is important is the substance of the process and the methodical political response that has been a profound analysis, where the negotiations are continuous and dialogue is the way toward a solution.

[EL NACIONAL] Has not the internationalization of Marcos affected the Mexican Government's image?

[Gurria] The image of the Mexican Government before the world is stronger because of its response to this incident, because the option of using military force existed and was not chosen. Instead, the government chose to recognize the legitimacy of some of their demands and to seek a solution, instead of a conflict. The Mexican Government has methodically responded to provocations with dialogue and negotiations.

Mexico: Government Reacts To UK Veto at European Union

PA0106002396 Mexico City XEW Television Network in Spanish 0330 GMT 29 May 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Mexican Government, through the Foreign Relations Secretariat, has reacted to the British veto that prevents the European Union from negotiating an association agreement with Mexico.

A Mexican communique states that the British Government had previously notified Mexico of the position it announced today on an inter-European Community affair that has no direct relation to the Mexico-European Agreement issue.

Mexico hopes that at the forthcoming meeting of the European Union's Agriculture Council, a decision to approve British cattle derivative exports is adopted.

This will permit Great Britain to reconsider its position on cooperation in European affairs and this would result in the dissolution of the veto on the Mexico-European Union Agreement.

The British Embassy in Mexico today issued a bulletin on the British Government's veto during the European Union negotiations.

Mexico reports that the British Government regrets this situation because Great Britain is committed to working toward the best results for Mexico in the negotiations. The report indicates that the British Government will block all European Union decisions that require unanimity until the European veto against British beef and its derivatives is lifted.

Mexico: Army Furthers Operation Against Drug Traffickers

PA0206215996 Mexico City XEW Television Network in Spanish 0330 GMT 1 Jun 96

[Report by Jaime Nieto; from the "24 Hours" newscast]

[FBIS Translated Text] The offensive against drug-trafficking activities at the border with the United States has increased. The Mexican Army has increased its land, air, and sea operations against the illegal activity because the transshipment of marijuana has also increased recently. Drug traffickers send the shipments through the Baja California peninsula and attempt bring them into the United States or distribute the drugs in the cities of this state. Brigade General Raul Acuna Garcia, who is a command staff graduate and commander of the second military zone located in Baja California, has reported that it is currently marijuana harvesting season and, thus, drug traffickers are doing all they can to get the drug to consumer markets. The Mexican Army has launched an offensive against this activity.

[Begin Acuna recording] The drug starts being shipped when the marijuana crop is harvested. The traffickers use several means to move the marijuana. Our actions are geared to counter the shipment of the drug. Based on our estimates, our operations are yielding positive results. [end recording]

Mexican Army soldiers have proven this to be true as they have seized almost five tons of marijuana over the past several days.

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Mexico: Atoyac Mayor Says Residents Plan To Fight Crime

PA0206211296 Mexico City REFORMA in Spanish 31 May 96

[Received via Internet]

[FBIS Translated Text] Chilpancingo, Guerrero — In the mountain range of Atoyac de Alvarez, "self-defense" groups have been formed with the pretext that there is no public security in the area, Atoyac de Alvarez Mayor Maria de la Luz Nunez Ramos has said.

Last Wednesday, the mayor visited 15 of the 84 communities located in the highlands of her municipality. During the visit, residents handed her letters for Governor Angel Aguirre Rivero, demanding an end to the violence in this peasant area.

"I have no proof of the existence of organizations of armed men who are committing crimes. What we do know is that there are groups of armed people who have organized to defend themselves from kidnappings and assaults, such as the self-defense groups," said the mayor.

According to Nunez Ramos, residents told her that since the military batallion left the municipality crime has been on the rise.

The mayor reported that her visit through the Atoyac mountain range lasted about 10 hours and included the town of Pie de la Cuesta, where according to Social Justice Prosecutor Antonio Hernandez, reports indicate that groups of up to 70 hooded, armed men dressed in military gear are committing murder.

Mexico: PRI, PRD Members Clash in Guerrero State

PA0206144096 Mexico City XEW Television Network in Spanish 0330 GMT 1 Jun 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Members from the PRI [Institutional Revolutionary Party] and PRD [Party of the Democratic Revolution] parties have clashed in San Marcos community, in the Costa Chica region, Guerrero state, resulting in six injured by shots and more than a dozen beaten.

The PRD members had seized the San Marcos municipality to demand fertilizers, shots were then fired, and several peasants were injured. The mayor was in his office when the protesters seized the building and was unable to leave. Some time later, PRI members and mayor supporters came to the municipal offices to somehow rescue him.

[Begin PRD leader Higinio Torres recording] We peacefully arrived at the Municipal Palace at 1300. The mayor never came out to talk to us. The police did, however, come out and fire at the unarmed peasants, leaving four people seriously injured. [end recording]

Municipal Official Salustia Hernandez blames the PRD leader for the events:

[Begin Hernandez recording] I believe this man [not further identified] is lawless and, especially, that he is an instigator. [end recording]

Fire arms and machetes were used in the clash between PRI and PRD members. The violence started in the municipal building but it later extended to the streets. The people were frightened and merchants closed their stores.

Mexico: Article Views Conditions Needed for Recovery

PA0306234596 Mexico City REFORMA in Spanish 28 May 96

[Article by Samuel Garcia: "Beware of Cloudy Skies in the Short Term!" — received via Internet]

[FBIS Translated Text] The macroeconomic improvement is a fact; statistics do not seem to lie, but certain political clouds that could unleash more than a storm are looming over the horizon if we fail to steer ourselves with the ability the new times require. Nowadays, the economic improvement must walk along the paths of political change.

In the last few weeks, the pages of dailies' economic sections were suddenly full of positive information. The "figures" reporting employment statistics have improved; interest rates have drastically dropped to levels of which experts themselves had not dreamed. The galloping increase in the prices of goods and services has ebbed, according to the central bank, and we can expect better times, according to the economists' worn out predictions. Our currency not only has been able to remain somewhat stable compared to the dollar but has even strengthened itself, reporting a slight growth. The economy already has recorded an improvement (which, under the current circumstances, means "we did not do so bad") compared to last year's misfortune. According to the INEGI [National Institute of Statistics, Geography, and Information Science] report, the economy had fallen "only" by 1 percent at the end of the first quarter.

Not only that. News such as the broadening of the cooperation programs the government has implemented to benefit bank debtors has been widely run in all media. Of course, even if you do not believe it, the news is real.

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The figures, the percentages prove it; it is a fact. The Mexican economy already has hit bottom, and we are observing the first signs of recovery.

What concerns us now does not pertain to the dilemma of whether the recovery is real. Given the large figures, we know it is. The doubts pertain to the conditions that must exist for this recovery to be successful and really reach all economic protagonists, of which you and I are the last.

It is here where the first doubts emerge and where we observe the first threatening clouds, which if not dissipated could question and even make the incipient signs of improvement fail.

Look, there are at least six factors to seriously consider in the short term:

FIRST: The controversy triggered by the government intentions of privatizing the secondary petrochemical industry could reach such a high degree, that the process could be postponed indefinitely, something which would seriously question the government regarding the commitments made with foreign capitals.

The resistance existing at the bosom of the ruling party itself, social organizations, and unions traditionally supportive of the PRI [Institutional Revolutionary Party] poses a challenge to the questioned political ability of the government, which, regarding issues such as these, seems to identify itself more with the opposing National Action Party.

SECOND: An intense social demand especially from urban related movements along with an extension of the economic crisis. Such movements as those of teachers or university workers could easily find fertile ground amid society's beaten middle class and medium-size businessmen.

The forecasts of a new drop in real salaries and high levels of unemployment (even if they have improved) along with the lack of political sensibility and experience that certain state and federal authorities have demonstrated predict social movements that would exert pressure to ease fiscal and monetary policies. The danger lies in making the scant maneuvering room the government has disappear quickly and being overcome by the degree of conflicts we are experiencing, leading to a polarization of political positions.

THIRD: Postponing agreements between the government and the EZLN [Zapatist National Liberation Army] might become a hub for tension with repercussions on fearful foreign capitals entering the country. The rhetorics of this confrontation might become a dangerous "political game" that would benefit only those who consider political destabilization as booty.

FOURTH: Factors that should be considered are the high fiscal and inflationary costs caused by the drought in northern Mexico as well as the increasing prices for grains worldwide.

The fiscal support programs for the banking sector and debtors are already absorbing multimillions from the budget to the detriment of future social programs in the areas of education, agriculture, or infrastructure development. As a result of the scourging drought, the government should allocate larger amounts to subsidies, thus further reducing its maneuvering room to mitigate the effects of the crisis.

FIFTH: A new wave of political rumors has been let loose in the national environment and has fostered doubts among investors. The rumor that President Ernesto Zedillo might step down after two years in office has already spread thought the country, casting new doubts on the governability of the Mexican president.

Regardless of the origin and motivations or truthfulness of such speculations, this rumor by itself has already caused some concern or at least has fostered some doubts among the country's highest banking and financial circles.

Additional rumors of possible changes of prominent cabinet members and of significant disagreements within the cabinet are flourishing and spreading around along with their harmful consequences.

SIXTH: The long-term structural and microeconomic limitations, of which the most outstanding are the worst income distribution, the scant domestic savings rate, and a highly concentrated industrial structure. [sentence as received]

All these factors will not be corrected in the short term or within a six-year period. In the best case, they will be propped up in order to obtain results in at least 10 more years, but the social pressures exerted by small industrialists or those involved in the domestic market are today's reality.

Despite the good news and the improved macroeconomy, favorable political conditions are needed for these to achieve their goal. Do not let ourselves be deceived by the alleged strength of the Mexican economy. We need to win the confidence of foreign capitals today more than ever in order to get out of the hole, but we also require skillful, political leaders who will open their minds and make decisions for a Mexico that is no longer willing to resurrect the past.

We will continue to comment.

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Mexico: Communique Reassures Chiapas Talks' Continuation

PA3105232996 Mexico City XEW Television Network in Spanish 0330 GMT 28 May 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Government Secretariat has just issued a communique to the effect that as far as the Federal Government is concerned, negotiations having to do with the Chiapas conflict have not broken off and no violent means are either being considered or discussed. We are offering political solutions.

The Federal Government will not carry out any action whatsoever that will put citizens' safety at risk in the search for peaceful solutions and negotiations to the conflict.

In this communique, issued by the Government Secretariat in connection with the Chiapas conflict, it is said that this situation in this southeastern Mexican state can only be resolved through dialogue and negotiation.

The communique also says that the Federal Government delegation has expressed its full willingness to maintain or bilaterally renew the date and the agenda of the next San Andres Larrainzar meeting.

It is a three-page communique that states that there is a need to overcome the argument that conditions do not exist for negotiation meetings, when in fact it is precisely negotiation meetings that can improve conditions for the dialogue in San Andres Larrainzar.

Lastly, the Government Secretariat communique states that the Federal Government delegation proposes to the EZLN [Zapatist National Liberation Army] that this particular opportunity in the negotiations be taken advantage of so that improvements can be made in the course of political solutions within the framework of the law. At this time, the communique adds, we must propose political detente measures, mechanisms to solve controversies in the communities, and ways to stabilize extreme incidents in the negotiations so that they are subject to agreements in San Andres Larrainzar.

The law for dialogue, conciliation, and dignified peace in Chiapas, is not a straitjacket, the communique says; it is a way to resolve the problems of the peace process.

This is the text of the communique issued by the Government Secretariat regarding the Chiapas conflict.

Mexico: Authorities Arrest Illegal Immigrants in Chiapas

PA0206233096 Mexico City XEW Television Network in Spanish 0330 GMT 1 Jun 96

[Report by Susana Solis; from the "24 Hours" newscast]

[FBIS Translated Text] After the week-long Southern Border operation ended, officials from the PGR [Office of the Attorney General of the Republic] and the National Counternarcotics Institute, INCD, stationed in Tapachula, Chiapas, reported that during the operation they arrested 906 undocumented Central American immigrants; 62 criminals, including smugglers of illegal aliens and drug traffickers; and seized 17 weapons and 11 stolen vehicles.

[Begin Tapachula INCD Official Sergio Rochin recording] In general, this was the result of the Southern Border operation. As I stated, this is a special type of operation, in addition to the institutions' regular activities. [end recording]

Javier Dovala, the federal PGR representative in Tapachula and PGR chief in the city, admitted that surveillance must be increased in the southern border.

[Begin Dovala recording] Special attention is necessary because this is a border state. We see crimes here that are not seen in other parts of the Republic. For example, we have the problems of undocumented immigrants and contraband activities. [end recording]

Authorities also reported that they had confiscated 830 counterfeit 100-peso bills, three counterfeit 500-peso bills, 13 kilos of marijuana, and 105 bullets of different calibers. The arrested, undocumented immigrants included Guatemalans, Hondurans, Salvadorans, Nicaraguans, and a Romanian.

Mexico: Peaceful Intentions of Government Disputed

96CA0184A Mexico City LA JORNADA in Spanish 22 May 96

[Commentary by Antonio Garcia de Leon, Chiapas history specialist and adviser to the Zapatist National Liberation Army (EZLN) in negotiations with the Government of Mexico: "The Slipknot" — received via Internet]

[FBIS Translated Text] Advancing in several discontinuous encirclements after the offensive that Zedillo coordinated on 9 February 1995, close to 60,000 soldiers have been massing in Chiapas over the past 15 months and taking positions there while the government pretended to negotiate in San Andres. This is why since

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March, since the start of round two of the Negotiations on "Democracy and Justice," the government delegation to the talks has not put forth anything that might suggest an accord, and all of the initiatives and proposals of the EZLN and its advisers and guests have led nowhere. In the meantime, two clues point to stepped up counterinsurgency actions: massive imports of weapons purchased from Europe and the United States (including the last 100 light tanks and 86 Huey helicopters "donated" for "the struggle against drug trafficking") and the training of "civilian patrols" (like in Guatemala and Peru) in accordance with the instructions received here from the U.S. Strategic High Command and its continental programs of "low-intensity warfare."

The raw material for these patrols that are receiving training today at the garrisons in Rancho Nuevo (San Cristobal de las Casas) and Guadalupe Tepeyac (Margaritas ravine), and very possibly at the Palenque garrison as well, is the estate owners' white guards and the armed groups adopted by several factions of PRI [Institutional Revolutionary Party]. In the very near future they will be recruiting among the peasant groups that oppose the EZLN (such as the pro-government faction of ARIC [Rural Associations of Collective Interest]) and among the leaders of several "independent" organizations that have already joined the payrolls of the Office of the Attorney for Agrarian Matters and the Chiapas State government's Office of the Secretary for Internal Affairs.

A huge strategic encirclement has been blatantly obvious since early April at least. In the words of "Marcos" (see Juan Gelman's interview in LA JORNADA), it runs down from western Tabasco toward Tuxtla Gutierrez and Tapachula, extends along the border toward Marques de Comillas and Tenosique, and ends at the gulf once again by Campeche. Inside this broad area and through most of the Chiapas territory in its "crossfire," several tactical encirclements have been advancing since March in a "slipknot" operation conducted as a military provocation and advance, coinciding with the last two phases, the tensest ones, of the San Andres talks, the topic of which, paradoxically enough, was "Democracy and Justice." These "dragnets" have been launched from at least seven garrisons (Tuxtla, San Cristobal, Comitan, Marques de Comillas, San Quintin, Ocosingo, and Palenque) and are supported by 170 positions that the federal Army maintains on the outskirts of and inside several indigenous villages (an overt violation of Article 129 of the Constitution). They have brought alcoholism, drug use, and prostitution into these villages as part of the plan to break them down and turn them into "model villages." In addition, the training of the "Rainbow task force" (the 58th infantry battalion) in the highlands includes the dehumanization of the troops (in the manner of the "kaibiles" [Guatemalan counterinsurgency troops]) by instilling racist, criminal attitudes in them. One of the T-shirts worn by this "task force" (turned over by a soldier who deserted to the EZLN and displayed to the press by its advisers in the presence of the Office of the Attorney General of the Republic, [PGR]) shows a military boot crushing a "Zapatist Indian" like a bug; nothing could speak more eloquently of the status that the Zedillo government accords indigenous communities.

Aside from several military posts along the coast and in the Grijalva hollow, most of these positions or camps (133 as of a week ago) seem to be grouped in five tactical encirclements: one surrounding San Andres Sacamchen (10 fixed camps and several mobile ones that are "looking for marijuana" today in places where the Zapatists are in the majority); the one in the Palenque region (six by the road to Rio Chancala and six surrounding Roberto Barrio's "Aguascalientes"); the one in the ravines of Ocosingo and Altamirano (the largest and most extensive one, as it includes San Quintin); the one in Las Margaritas ravine (which connects Comitan with the Guadalupe Tepeyac camp: 38 main positions and several mobile ones); and the "trap" set in Marques de Comillas: at least 15 positions alternating with the ones that are part of the strategic encirclement that follows the Guatemalan border.

In light of this, who can believe that the government was involved in talks with the Zapatists to pave the way for peace with justice and dignity? The sentences handed down against Elorriaga and Entzin show that the government was never seriously interested in negotiating a peaceful settlement in San Andres. It was only gaining time to achieve the best military positions from which to encircle and annihilate Zapatist communities whose main weapon is a very high degree of dignity. Several videotape documentaries circulating in Mexico and around the world today will show future historians images of villages impoverished to the point of ignominy, occupied and threatened by offensive weapons that, like the swindles of our rulers, have cost the public treasury billions of dollars. The funds spent on such weapons (and the money stolen by the gangs of several PRI governments) could have already solved the economic problem of more than just Chiapas. The Zapatists did not rise up just to demand a few crumbs; they did so on behalf of an untransferable national demand: the transition to democracy and a republican legal system. If necessary, they will struggle to the last man to defend these unpostponable rights of all Mexicans.

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Mexico: Conai Proposes Chiapas Talks Postponement

96CA0197A Mexico City REFORMA in Spanish 29 May 96

[Received via Internet]

[FBIS Translated Text] After making several proposals to the federal government and the EZLN [Zapatist National Liberation Army] to resolve the crisis in the Chiapas peace talks, the National Mediation Commission [Conai] yesterday appealed to both parties to postpone the meeting scheduled for 5 June.

In its statement Conai proposed that, until a solution for the problem can be worked out, the format for the talks should be reviewed; the Law for Dialogue, Reconciliation, and Honorable Peace in Chiapas should be strengthened; the state of tension caused by armed gangs needs to be analyzed; and the progress of the agreements on the Indian rights and culture negotiations should be reviewed.

Conai also asked that the agreement to monitor and verify the commission be established, that steps be taken to overcome the post-election conflicts, and that local disputes be resolved through a special advisory and pluralistic forum.

It called upon the EZLN to resume, when conditions so permit, its direct talks with Cocopa [Commission for Harmony and Pacification] on Chiapas.

Cocopa, in the meantime, felt that it is a positive sign that the government delegation made public its acceptance of some of the proposals which this commission had submitted to the Interior (Gobernacion) Secretary. After meeting yesterday morning, the Cocopa spokesperson, PT [Labor Party] Deputy Jose Narro, indicated that the fundamental cause of the conflict is the verdict issued by a federal judge against Javier Elorriaga and Sebastian Etzin. It has now been acknowledged that mechanisms need to be set up so that issues outside the scope of the talks will not complicate the pacification process.

Mexico: Roundup of Economic Developments Through 3 Jun

PA0406013096

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 3 June.

According to a 28 May, Puerto Vallarta-datelined report, Canadian Honorary Consul Allan Rose has announced that since the implementation of NAFTA, Mexico has triplicated its exports to Canada. Bilateral trade between Mexico and Canada during the first quarter of the year totaled $1.294 billion, a 6 percent increase over the same period last year. Mexico exported $63 million to Canada. The Commerce and Industrial Development Secretariat, Secofi, has unilaterally eliminated customs duties on beans and has reduced duties on wheat by 10.5 percent, which has triggered protests from local producers. (Mexico City LA JORNADA in Spanish 28 May 96 p 43)

The National Foreign Trade Council, Conacex, in Jalisco State has expressed concern over the effects of the Helms-Burton law in that state, given that its annual exports to Cuba total approximately $40 million, primarily in telecommunications, plastic, and oils. (Mexico City EL FINANCIERO in Spanish 28 May 96 p 19)

Based on an analysis conducted by the Confederation of Mexican Workers, CTM, 90 percent of collective contracts signed with that labor organization included productivity bonds, but three years later, only 5 percent of the enterprises have implemented that system. The CTM has stated that the system has worked in large companies but has failed in micro and small enterprises that do not have the means to increase productivity. (Mexico City EL FINANCIERO in Spanish 28 May 96 p 24)

Foreign investors have shown interest in the agro-industrial sector, in which main foreign companies established in Mexico will invest $695 million, of which $587 million will come from the United States and $108 from Europe. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 28 May 96 p A3)

Carlos Gutierrez Ruiz, president of the National Association of Manufacturers, Canacintra, has said national industries need additional financial assistance to overcome their overdue debt problem. He has said that unless this problem is solved, they will not be able to fully reactivate the productive apparatus, which would prevent the creation of new jobs. Gutierrez Ruiz has said micro and small enterprises should receive aid equivalent to 25 percent of their overdue debts and medium and large enterprises up to 15 percent. (Mexico City Radio Red Network in Spanish 2300 GMT 28 May 96)

The production of corn in Mexico has drastically dropped due to the intensive drought affecting a large part of the country. Romarico Arroyo Marroquin, deputy secretary of agriculture, livestock, and rural development, has said the production of basic grains declined 2 or 3 million tons compared to last year's production. He also has announced that an emergency program of subsidies for basic grain production will total 8 billion pesos in credits that will benefit 4 million hectares. (Mexico

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City Radio Red Network in Spanish 2300 GMT 28 May 96)

According to a 31 May, Mexico City-datelined item, the Bank of Mexico, Banxico, has announced that the Inter-Bank Equilibrium Interest Rate, TIIE, has been established at 29.15 percent for a 28- day term, 0.77 percent above the previous level. The Central Bank also has announced that interest rates for long-term deposits were reduced from 22.59 percent to 22.19 percent for 60-day deposits; 21.56 percent for 90-day deposits, and 21.08 for 180-day deposits. (Mexico City NOTIMEX in Spanish 1536 GMT 31 May 96)

The Mexican Social Security Institute, IMSS, is operating with a liability that will total 200 million pesos in 1996, IMSS Director Genero Borrego has announced. He has warned this figure could increase in 1997 due to a shortage of reserves in the institution's pension system. (Mexico City LA JORNADA in Spanish 29 May 96 p 18)

The Inter-American Development Bank has granted Mexico a loan for $75 million to build the Samalayuca II thermoelectric plant. The ICA group will build the plant, which involves an investment of $647 million. (Mexico City EL FINANCIERO in Spanish 29 May 96 p 13)

According to the Commerce Secretariat, Mexican exports to Cuba increased by 104.3 percent while imports from Cuba decreased by 47 percent over the past year. Trade with Cuba increased by 94.7 percent in 1995. Mexican fuel exports amounted to 29 percent of its total exports to Cuba and was valued at more than $100 million per year. Each year Mexico sells to Cuba about $22 million in soap, about $18 million in fertilizers, a similar amount in plastic products, and about $11 million in rubber. Bilateral trade balance favors Mexico, which registered a surplus of $360 million in 1995. (Mexico City LA JORNADA in Spanish 29 May 96 p 43)

Commerce Secretary Herminio Blanco has announced that the auto industry contributes 2.2 percent of the GNP, adding that it represents 11 percent of manufacturing output and employs 400,000 workers. (Mexico City EL FINANCIERO in Spanish 29 May 96 p 28)

According to a 29 May, Monterrey-datelined report, Mexican Cement, Cemex, the world's fourth largest producer of cement, has announced it will invest $160 million for maintenance and modernization and the purchase of anticontamination equipment. A communique has stated the company as of July will use 100 percent petroleum coke in its furnaces as opposed to the current 50 percent petroleum and 50 percent coke. (Mexico City NOTIMEX in Spanish 2012 GMT 29 May 96)

A 29 May, Mexico City-datelined report states that the Mexican Government has announced it will invest $152 million to ease the effects of the severe drought affecting the country's northern area for the fourth year in a row. The current drought, which started in 1992, is the third most critical of the past 50 years. (Mexico City NOTIMEX in Spanish 2002 GMT 29 May 96)

Mexico is undergoing its worst drought in 43 years. Francisco Labastida, agriculture, livestock, and rural development minister, has said economic losses will amount to at least 8 billion pesos this year. The current storage capacity of water reservoirs is 68 percent below last year's level. Grain production is expected to decrease by 3 to 4 million tons this year; therefore, Mexico would need to import between 8 and 10 million tons of grains at a cost of about $1.8 billion. Eight million heads of cattle between 30 and 50 kg each have been lost. Neither shortages nor higher prices are expected. (Mexico City XEW Television Network in Spanish 0330 GMT 30 May 96)

The Private petrochemical companies Hercules, Basf, Polioles, and Servi Q will begin operating in southern Altamira, Tamaulipas State, creating more than 1,000 direct jobs. (Mexico City EL FINANCIERO in Spanish 30 May 96 p 20)

As of 24 May, the Bank of Mexico's international reserves amounted to $16.017 billion, an unprecedented level since the beginning of the financial crisis. Between 17 and 24 May, net international assets increased to $87 million as a result of deposits and the sale of dividends of Mexican Petroleum worth $149 million, while expenditures for other operations amounted to $62 million. (Mexico City EL FINANCIERO in Spanish 30 May 96 p 26)

On 29 may, President Ernesto Zedillo announced that 1 percent of the country's GNP would be earmarked as of the year 2000 for scientific and technological research. He also announced that Mexico would be presenting a formal request before the World Bank to obtain additional funds to complement the government's effort to encourage scientific and technological research in Mexico. (Mexico City EL FINANCIERO in Spanish 30 May 96 p 38)

An investigation conducted by EL FINANCIERO has disclosed that the Mexican Government had secured a strong negotiating position in the decisionmaking process of the country's banking sector by purchasing 14 percent of the overdue accounts of 12 banking institutions and taking control of 10 banks that have fallen into receivership. Foreign and domestic analysts agree that the control acquired by the Mexican Government "now allows it to directly, but not openly, take part

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in the investment decisionmaking process by banks and major corporations that will favor the domestic market." (Mexico City EL FINANCIERO in Spanish 30 May 96 p 34)

The Bank of Mexico disclosed on 29 May that the current account deficit accumulated during the first quarter of the year amounted to $462 million, an amount which represents a $715 million decline compared to the amount recorded during the same period in 1995. The Bank of Mexico states that the variation in the quarterly current account figures basically originates from the $1.249 billion surplus recorded in the trade balance between January and March. (Mexico City EL FINANCIERO in Spanish 30 may 96 p 5)

The National Finance Bank has announced that resources available for this year amount to 55.276 billion pesos, 24 percent more than in 1995. Nafin Director General Gilberto Borja Navarrete has said that 86 percent of the bank's resources will be managed by the commercial banks and 14 percent by brokerage firms. He also has announced that Nafin will soon announce an 8 percent cut in the interest rate charged to its major borrowers. (Mexico City EL FINANCIERO in Spanish 30 May 96 p 9)

Francisco Labastida Ochoa, the agriculture, livestock, and rural development secretary, has announced that the current drought has left approximately 9 billion pesos in losses this year. He added that 647,000 hectares of high quality irrigation lands will not be planted, that 4 million tons of grain will not be produced, and that there will be partial losses in 40 million hectares of pasture land. Regarding the losses to the cattle breeding sector, Labastida Ochoa has said they amounted to 4 billion pesos because 8 million heads of cattle have lost 240,000 tons in weight. The official has said that conditions in the national territory are "very dry" or "dry" and that only the southeastern region presents humid or very humid conditions. There has only been an average of 50 mm of rain in the country, "one-fourth of the rain we receive in regular conditions and, thus, the drought is the harshest and most severe in the past 43 years." (Mexico City LA JORNADA in Spanish 30 May pp 60, 16)

Pemex, General Director Adrian Lajous has announced that Pemex used $564.500 million of its investment budget during the first three months of 1996. Out of this amount, he has said, more than $400 million were used for the exploration and production of crude oil and gas production and the remaining $50 million were allotted to projects in other subsidiaries, mainly to attend to environmental recommendations. Lajous has announced the high crude oil and gas production figures in Pemex history: 2.836 million barrels of crude oil a day and 4.235 billion cubic feet of natural gas in the first three months of 1996. He has said the price of crude oil has increased, and they obtained $16.97 per barrel on the average and exported 1.484 million barrels of crude oil a day. The official has said utilities from the consolidated operation, prior to taxes, were 60 percent higher than the ones registered during the first trimester of 1995, as they amounted to 30.316 billion pesos. (Mexico City EL FINANCIERO in Spanish 31 May 96 — received via Internet)

The Commerce and Industrial Development Secretariat has announced that the commercial sector, without the assembly plant sector, had a positive balance of $731 million in April 1996. The export of merchandise reached an unprecedented level of $7.872 billion in April 1996. (Mexico City EL FINANCIERO in Spanish 31 May 96 — received via Internet)

Fernando Acosta Martinez, president of the National Chamber of the Construction Industry, CNIC, has announced that the sector grew 45 percent during the first three months of the year and that they expect it to recover one-fifth of the activity lost during the 1995 crisis during the second half of the year. The official has said the sector would reach this objective with several housing projects and works of infrastructure to be launched in July 1996. The CNIC president has said the construction industry has approximately one-third of the overdue accounts in the country and still has to reschedule loans for 12 billion pesos. (Mexico City EL FINANCIERO in Spanish 31 May 96 p 26)

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El Salvador

El Salvador: Death Squads Said To Reorganize Activities

PA0106135196 San Salvador CO LATINO in Spanish 28 May 96 p 2

[Report by Mario Alberto Perez]

[FBIS Translated Text] May 1996 (ASIES) — Death squads, which shed the blood of thousands of Salvadorans over the last decade, are again organizing their activities in the country with the support of retired military men, farm owners, and extreme right politicians.

Leonel Gonzalez, coordinator of former guerrilla group FMLN [Farabundo Marti National Liberation Front], has said that a group of farm owners, retired military men, and government officials recently met at the estate of "Quinta Alicia" to organize the "Domingo Monterrosa Commando Unit and Maximiliano Martinez Commando Unit Death Squads." This estate that is located in Berlin, Usulutan Department, is owned by Benedicto Morataya.

According to the FMLN, this meeting of alleged death squads was attended by General Ernesto Zepeda, Colonel Francisco Elena Fuentes, and farm owners Luziano Zacapa and Arturo Geissman Meardi, and Arena [Nationalist Republican Alliance] government officials, including Fredy Portillo, head of operations for the Land Bank [Banco de Tierra].

He added that Antonio Meardi, Ernesto Milla, Benedicto Morataya, Leonida Vaquerano, and Pablo Solorzano, all landlords from the town of Santiago de Maria in Usulutan Department, attended this meeting.

According to Leonel Gonzalez, the subjects discussed by the death squads at their meeting were: "Guarantees for Berlin coffee plantations, the organization of the United People's Movement Against Crime, and the Domingo Monterrosa and Maximiliano Martinez Commando Units." Gonzalez pointed out that the meeting was headed by former San Miguel Governor Maria Luz de Perla and a man known as Jose Arnulfo Paiz Rodriguez.

Four years after the peace agreements were signed, which were guaranteed by the United Nations to demilitarize, democratize, and establish peace in the country, death squads continue to operate along with drug traffickers and other criminal groups.

Recommendations by the Truth Commission and the Joint Commission, which investigated the death squads, have not been heeded and this has allowed the groups to act with impunity.

Guatemala

Guatemala: President on Troops Protecting Legislators

PA0306193896 Guatemala City Televisiete Television in Spanish 1900 GMT 30 May 96

[From the "Channel Seven News"]

[FBIS Translated Text] President Alvaro Arzu has expressed his support for the decision to send troops to the National Congress to protect legislators, warning that this action will be repeated however many times it is deemed necessary:

[Begin Arzu recording] Police and troops were deployed together, just as they are deployed together at checkpoints and in patrols nationwide. I ordered protection for the legislators in light of the serious threats that they had received a day earlier. I am surprised that complaints came not on the day before but the day after. The Army did not enter the legislature: Unarmed members of the mobile military police were trying to secure the doors of the building, which had been forced open the day before. It is surprising that the events of the previous day were not the topic of conversation and that, instead, the presence of security forces to maintain order was the topic of discussion. I want to make it clear that the same order can and will be reissued during my administration: We will continue to dispatch the appropriate number of police officers and troops wherever and whenever it is deemed necessary. [end recording]

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Argentina

Argentina: Deputy Views DEA Criticism of Drug Policy

PY0406024696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1628 GMT 1 Jun 96

[FBIS Translated Text] Buenos Aires, 1 Jun (NA) — U.S. officer Chris Verdugo, second in command in the DEA office in Argentina, has emphasized that Argentina does not invest the funds required for drug enforcement. He reported an ever-increasing volume of drugs entering from Bolivia.

The U.S. officer emphasized: "Unfortunately, I notice the existence of puny funds available to police forces. You may have all the laws required and all the mechanisms, but the forces cannot operate without the funds required to support all the operations economically. These forces require economic support for moving across the country at any time."

Verdugo made these remarks within the framework of a forum on drug trafficking sponsored by the Institute of Political and Social Sciences. His remarks were broadcast in part over a Buenos Aires radio station this morning.

In this regard, UCR [Radical Civic Union] Deputy Gaston Ortiz Maldonado, who was among the forum sponsors, noted that the DEA officer's remarks "are very important, as they [not further specified] are concerned and are issuing a warning to us."

The UCR congressman, a Chamber of Deputies Drug Addiction Committee member, noted: "Argentina is totally defenseless. Concerning the drugs and drug trafficking issue, it is a vulnerable country."

The UCR congressman emphasized to a radio station: "Here there is an ongoing adjustment policy that does not respect this issue. Current budget trimming also includes drug enforcement appropriations."

During the forum on drug trafficking, Verdugo emphasized that the security forces "require economic support for moving across the country at any time, especially because it is a crime that occurs from one day to another."

Ortiz Maldonado also played down the importance of "successful proceedings, discovering drug trafficking operations almost every day," as "they do not indicate effectiveness, but the existence of many contraband operations."

The UCR congressman added: "We are facing a grave situation. Efforts are being made to hide the seriousness of this situation. In this regard, there is a U.S. State Department report. Even though it indicates that our government is committed to drug enforcement, our country's situation as a money laundering center is worrisome."

In this regard, the UCR congressman emphasized that "Argentina is totally defenseless" concerning this issue. He noted: "Our country's laws are to be laughed at."

The UCR congressman said, ironically: "On the one hand, the possession of drugs for personal use has been penalized. On the other hand, believe it or not, people involved in the money laundering crime can be released from jail."

Ortiz Maldonado's deposition supported the challenges raised by Verdugo, who indicated that the solution to the drug trafficking problem would involve "combining all the forces and sharing drug enforcement efforts as a single unit, as this is a grave and serious problem."

The U.S. officer, who has been working in our country for three years, emphasized that the amount of drugs entering Argentina, "especially from Bolivia," is "increasing every year."

Argentina: Options to Recover Falklands Viewed

PY0306165196 Buenos Aires TELAM in Spanish 1927 GMT 2 Jun 96

[FBIS Translated Text] Buenos Aires, 2 Jun (TELAM) — President Carlos Menem today said the recovery of Argentine sovereignty over the Malvinas [Falkland] Islands depends on "busy talks" with the British. He confirmed our government's commitment to pursue this path.

The president told Radio America: "We entered a commitment with our people to regain sovereignty. We must now hold busy talks with those who usurped the islands in 1833 and have occupied them ever since."

Menem was asked about the possibility of signing an agreement by which the United Kingdom would administrate the Malvinas Islands for 20 years, after which Argentina would immediately achieve its sovereignty rights.

The president noted: "There are many possibilities. The range of solutions involves various stages and various proposals."

Asked if Argentine sovereignty over the Malvinas Islands would be achieved by the year 2000, Menem emphasized: "I keep emphasizing it might be achieved a little earlier."

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The president said: "No one believed the Berlin Wall would collapse, but it did, and Germany was reunited," adding: "This is typical of international policy."

Argentina: Menem, Wasmosy Hail Progress in Mercosur

PY0106030196 Buenos Aires TELAM in Spanish 0238 GMT 31 May 96

[FBIS Translated Excerpt] Buenos Aires, 30 May (TELAM) — President Juan Carlos Menem and his Paraguayan counterpart Juan Carlos Wasmosy tonight agreed on the importance of the progress achieved by Mercosur [Common Market of the South] since its creation in 1991.

Menem and Wasmosy presided over a reception to commemorate the 55th anniversary of the creation of the Inter-American Council of Commerce and Production (IACCP) that was held at the Alvear Hotel in this city. [passage omitted]

Menem said that other countries in the world, including those in the EU, "took nearly 50 years to get where they are now and they are still making progress on the same path" of integration.

"We, after a few hesitations, have made a lot of progress in five years in this process that is giving us excellent results," Menem said.

The Argentine president added: "We hope to make even more progress with the incorporation of our Chilean brothers to a free trade zone between Chile and Mercosur, and of course, between Mercosur and Bolivia."

The head of state recalled that when Mercosur was created "many people said that it was utopian to begin this process of integration."

Menem stressed the importance of the second state reform to shore up this integration process, which "is not easy" because it has "a great number of obstacles, but we will overcome our current problems the same way we defeated the obstacles that we found in our way in 1989."

"In such a way that by year 2005, at the continental level as well as at the regional level, with the incorporation of other countries in the area, we will be able to say that we have achieved a really positive integration," Menem added.

The president said that through the integration process "we are imposing the market economy in practically all countries in the continent and will have a free trade zone from Alaska to Tierra del Fuego," Menem stressed.

[Asuncion RPC Television Network in Spanish at 0000 GMT on 1 June announced: "President Juan Carlos Wasmosy returned from Buenos Aires today. He travelled to this city in order to participate in the anniversary of the creation of IACCP and the fifth anniversary of the signing of the Asuncion Treaty creating Mercosur."]

Argentina: Foreign Minister on Integration Issues

PY0406024296 Buenos Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 26 May-1 Jun 96 p 15

[Report by Tereza Lobo]

[FBIS Translated Text] "We cannot integrate with many countries at the same time," Argentine Foreign Minister Guido Di Tella said when commenting on Venezuela's interest in joining Mercosur [Common Market of the South]. Di Tella said Chile's and Bolivia's participation was viable, but made it clear that it was better to leave the discussions with Venezuela for a later time.

Di Tella does not seem to be quite ready to accept Venezuela in Mercosur. "The adjustment is very complicated. The greater the number of countries participating, the more complicated the process," the head of Argentina's diplomacy said. He thinks Mercosur countries should only expand free trade accords, rather than the size of the economic bloc per se.

Di Tella noted that Mercosur is a group of four countries with a Common External Tariff. This is why the creation of a free trade zone with Chile and Bolivia is a step forward. "We are very prudent; we cannot integrate with many countries at the same time," Di Tella said during an interview at the Minas Gerais Industries Federation.

A few minutes earlier, during a lecture at the Managerial Science School, Di Tella told an auditorium 90 percent filled with students that Argentina always wanted to be a great world power, but today it is willing to accept having social indicators equal to those in Europe only.

Brazil, in his opinion, has the conditions to become the first country of the Third World to reach the level of world power. Argentina would win with this situation, but it could not compete with Brazil.

Argentina: Wasmosy Addresses Businessmen in Buenos Aires

PY3105223196 Asuncion ABC COLOR in Spanish 31 May 96 p 8

[FBIS Translated Text] In his address to the Inter-American Council of Commerce and Production [IACCP], Paraguayan President Juan Carlos Wasmosy

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said that the presidents of the Rio Group "were unanimously enthusiastic about the Latin American Parliament's proposal to fulfill the wishes of our forefathers: unity through a Latin American community of nations." The Paraguayan president underscored that this community will strengthen and defend the nations' democratic systems, foster social justice, and provide the framework for actions aimed at integration, and the shoring up of the Latin American common market.

The president spoke at the ceremony marking the 35th anniversary of the IACCP and the fifth anniversary of Mercosur [Common Market of the South] at the Alvear Hotel in Buenos Aires on 30 May. Argentine President Carlos Menem was also present.

As an example Wasmosy mentioned Europe, which shored up its integration through the EU, just like the United States had done 200 years ago "proving that unity means strength."

He emphasized the need to work harder for economic development amid social justice, and to strengthen the principle of solidarity through effective measures capable of gradually reducing the development chasm between Mercosur countries.

Wasmosy said that defeating underdevelopment is the main challenge for Mercosur and that it "should be its top priority if we want to build a homogeneous integration system that will effectively foster the harmonious and balanced development of our peoples."

He emphasized that "Mercosur institutions must reassert their presence at all forums where the future of our peoples is being discussed."

The Paraguayan president advocated "establishing supranational organizations to monitor and judge developments and actions which take place within Mercosur to provide the security and confidence that member countries, and any other regional organization or state requires in its relations with Mercosur." He insisted that this was "urgent."

Wasmosy suggested formulating regional policies with a view to coping with current challenges, "particularly poverty, unemployment, security, environmental decay, and population growth."

The Paraguayan president arrived at the Jorge Newbery Metropolitan Airport in Buenos Aires on board his private plane, and immediately went to his downtown apartment where will be staying.

In the evening he attended the above-mentioned anniversary ceremony during which Argentine President Carlos Menem said that Mercosur means overall integration, not just economic integration. "That is why when Paraguay's democratic process was threatened we all came together to defend democracy and freedom," Menem said.

President Wasmosy's return to Paraguay is scheduled at around noon on 31 May.

[Buenos Aires TELAM in Spanish at 1345 GMT on 31 May reports in a 50-word item that "at 1030 today Paraguayan President Juan Carlos Wasmosy departed for home after attending the IACCP anniversary together with President Carlos Menem."]

Argentina: Foreign Ministry Begins Reorganization

PY0106014896 Buenos Aires TELAM in Spanish 2028 GMT 31 May 96

[FBIS Translated Text] Buenos Aires, 31 May (TELAM) — Foreign Minister Guido Di Tella today appointed Andres Cisneros as deputy foreign minister replacing Fernando Petrella, who will become Argentine representative at the United Nations as of July.

Cisneros' designation is part of a reorganization that includes the elimination of the Coordination and General Secretariat and the reorganization of the ministerial cabinet headed by Di Tella.

A Foreign Ministry resolution establishes that Institutional Affairs Under Secretary Daniel Castruccio will head the Coordination Under Secretariat.

The reorganization includes a request to the Helvetian Confederation for approval of the designation of current Foreign Policy Under Secretary Guillermo Gonzalez as ambassador to that country.

The official announcement states: "The Coordination and General Secretariat will be deactivated as part of the rationalization policy being implemented by that ministry." The reports adds that changes will become effective during the first half of July when the replacements for some positions will take up their new seats. [passage omitted]

Juan Jose Uranga, Latin American Policy under secretary, will soon replace Diego Guelar as head of the Argentine mission at the EU. He, in turn, will be replaced by current Economic Negotiations Under Secretary Alfredo Chiaradia.

As we all know, Guelar will remain in Brussels until after the visit of President Carlos Menem to the EU, which is scheduled for 11 and 12 June, and then will head the Argentine Embassy in Brasilia replacing Alieto Guadagni, who will start at a new position cooperating with the Buenos Aires provincial government.

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It was reported that current Exports Promotion Director General Antonio Seward will replace Ambassador Alfredo Chiaradia.

Foreign Minister Di Tella also announced that "Ambassador Guillermo Gonzalez will continue as Foreign Policy Under Secretariat for a few more months until the ministry receives approval for his designation as ambassador to the Helvetian Confederation."

The report says that "Legal Consultant Director Ambassador Alberto Daverede will replace Gonzalez when he leaves his post."

Argentina: Government Admits 'Budget Emergency'

PY0106015096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2248 GMT 31 May 96

[FBIS Translated Text] Buenos Aires, 31 May (NA) — The government today admitted the existence of a sort of "budget emergency" over the inability of implementing the 1996 budget. It admitted that all the ministries require more funds than those originally allocated for the payment of goods and services.

The government also openly admitted that tax collection would not grow and that, with good luck, the targeted tax collection levels would be achieved. Finance Secretary Ricardo Gutierrez pointed out: "With increased collection, there will not be more funds."

The problem is that the appropriations allocated for each ministry have been included in the final 40.97 billion peso budget proposed by the Economy Ministry and voted on in Congress, a budget that is directly tied to tax collection.

In this regard, the funds allocated in the budget are barely enough to balance income and expenditures, a balance that would not be achieved in case of authorizing increases in budget appropriations.

The greatest problem for the Economy Ministry is that the tax collection problems, which have been causing a 500 million pesos deficit every month, must be added to the additional funds required by the ministries.

Gutierrez explained that the government "drastically" reduced the appropriations allocated for state operations to implement the 1996 budget. This is very close to admitting that the appropriations have been forced to implement a balanced budget.

Gutierrez, the man who manages the Treasury appropriations, openly alerted to the economic problems affecting the ministries.

The government now is reviewing the possibility of reallocating budget appropriations and avoiding, to the extent possible, ministerial expenditure account overdrafts.

Gutierrez crudely explained: "In some cases, expenditures were not prorated for the entire year and nearly all the ministries imperatively require additional appropriations." He admitted that now, before mid-year, most 1996 budget appropriations have been compromised.

For this reason, President Carlos Menem asked all the ministers to implement "all the required reductions" to reach the end of the year with a balanced budget.

For his part, Gutierrez said there would not be more funds than those already allocated. He quoted Menem, pointing out that every peso collected by the Public Revenues Office shall be allocated for taxpayers.

Every ministry shall report, as soon as possible, the adjustments to be made. This also represents a complication for the smooth development of the second State Reform, as changes now will be implemented considering "immediate" fund requirements rather than a streamlining project for the public administration apparatus.

Argentina: Armed Forces Budget Reduced by Record Amount

PY0306181896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1221 GMT 2 Jun 96

[FBIS Translated Text] Buenos Aires, 2 Jun (NA) — The Armed Forces average budget between 1983 and 1995 dropped to its lowest level ever. Today it barely represents 8.5 percent of public administration spending.

Conscious of the situation, Armed Forces chiefs last week expressed concern over the possibility of further cuts as a consequence of the second state reform program. President Carlos Menem was not impressed, however, and said: "There will be no privileges, all sectors will undergo a reorganization."

The defense portfolio has a budget for 1996 of $3.438 billion — almost 1 percent less than in 1995 — and the Finance Secretariat has already warned that the department is spending too much.

This situation provoked a tense exchange between Air Force Budget Secretary Marcos Makon, who rejected a request to the Treasury for $7 million to pay an Air Force debt with YPF [Government Oil Deposits].

Makon said: "No." He added that, to solve the problem, the Air Force could resort to the appropriation for June; that is, spend some of June's installment. The men commanded by [Air Force Chief of Staff Brigadier] Juan Paulik will have to do just that if they want to continue flying their planes.

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Joint Chief of Staff Mario Candido Diaz and Army Commander Martin Balza said they fear budget cuts will lower the morale of officers and will transform the Armed Forces into a "National Guard."

Chief of Cabinet Jorge Rodriguez calmed them down and guaranteed that the proceeds from the sale of military properties will be used to purchase new military equipment, if the balance of the budget permits. [passage omitted]

Bolivia

Bolivia: Editorial Views USAID Report on Coca Farms

PY0106004796 Cochabamba LOS TIEMPOS in Spanish 26 May 96 p A10

[Editorial: "New Approach for Coca Eradication Policies"]

[FBIS Translated Text] A report issued by USAID points out with concern that coca production has increased significantly in the Yungas zone of La Paz Department. The report recognizes, however, that there was an obvious eradication of surplus coca plantations — which are used for manufacturing cocaine — in the subtropical regions of Cochabamba. Charts accompanying the report show the strongest government eradication efforts were concentrated in the Chapare region and that the authorities have dangerously neglected traditional areas where coca plantations increased.

As expected, the U.S. Embassy expressed its desire to talk with Bolivian authorities about this bothersome problem, which is encouraged by the drug trafficking mafias. The increase in coca plantations surprised our public opinion and provoked concern among executive branch officials. The latter reacted noting that the USAID report does not reflect what has happened over the past 11 months, during which the government its the greatest success with its eradication plan. During the second half of 1995 the government eliminated more than 3,500 hectares of plantations, which compares favorably with the first five month of the year when only 2,000 hectares were eradicated. This was achieved despite great difficulties and the scarcity of funds.

The government minister pointed out that a detailed survey of coca producing areas is needed, as established in Law 1008. The program is currently awaiting financial cooperation from the international community. As we understand the concept of shared responsibility in the struggle against drug trafficking, the request by the government minister makes sense and is pertinent.

It is not fair to speak about the failure of coca eradication policies, but it is necessary to design new strategies that are better adapted to our reality than the bureaucratic plans produced in offices in Washington. The eradication of coca plantations has many aspects. It is necessary to understand the social and economic aspects, not simplify it to the point of making it an interdiction project.

The substitution of plantations is the most reasonable alternative. Coca growers understand the situation and have already agreed to the possibility. They suggest, as a first step, the installation of a sugar mill, the feasibility of which was the object of studies by experts contracted by COPAICO [expansion unknown]. Our authorities must pay heed to this positive reaction because it shows a radical change of mentality, which contradicts the preaching of some who act as useful fools at the service of drug traffickers.

It may be possible to discourage coca plantations if we can come up with a real alternative development program free of corrupt influences. If we provide an efficient alternative we will have the legitimate right to eradicate coca plantations using the biological means that have been studied in our country and which do not provoke ecological damage or affect other plants.

Bolivia: Foreign Minister on Americas Watch Report

PY0106025896 La Paz PRESENCIA in Spanish 25 May 96 p 6

[FBIS Translated Text] Foreign Minister Antonio Aranibar Quiroga has played down the Americas Watch human rights report, which claims human rights are violated in the struggle against drug trafficking in the Chapare region.

The position adopted by the Sanchez de Lozada administration — which was announced by the foreign minister on 24 May — comes in sharp contrast to the endorsement of this report by Deputy Juan del Granado, Chamber of Deputies Human Rights Committee chairman, and Socialist Deputy Jerjes Justiniano.

Aranibar believes that beyond the accuracy and relevance of the data reviewed in the report, the conceptual approach of the U.S. organization is questionable: If the idea is to enforce respect for human rights, pressure should be exerted on the United States rather than on Bolivia.

The foreign minister said Americas Watch should continue to study — even though it does not do it thoroughly — the nature of drug enforcement and interdiction, and ways for U.S. civilians to ensure U.S. aid is channeled to right and appropriate objectives.

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Aranibar stated that the "right and appropriate" objectives which should be borne in mind "should not emphasize interdiction; rather the deployment of socioeconomic factors channeled into the struggle against a phenomenon, the fundamental nature of which is socioeconomic, not just criminal, and does not just involve the police and the courts."

A Dozen People Killed

Juan del Granado, Chamber of Deputies Human Rights Committee chairman, reported that a dozen people have been killed during drug enforcement actions. Repression is based on an assumption that inaccurate, illegal, and extremely dangerous: All peasants are suspects.

In the name of his committee, Del Granado endorsed the report on violations of the rights of coca growers that was issued by the U.S. non-governmental Human Rights Watch organization. He indicated that the 1995 killings in Chapare region were caused by violent police actions, as the repression indiscriminately affects men, women, children, and old people.

Del Granado announced that another report on these police actions would be delivered to the Chamber of Deputies plenum in the next few weeks. The report will deal with arbitrary actions, which almost amount to torture. Following actions by the police, the Attorney General's Office, and the FELCN [Special Antinarcotics Force] — which are also unconstitutional — we have been told about the kidnapping of a Bolivian citizen in Brazil by FELCN and DEA agents who accompanied him to Bolivian territory and delivered him to the antinarcotics courts.

Bolivia: President on Remarks by Chile's Insulza

PY0106005796 La Paz LA RAZON in Spanish 25 May 96 p A6

[Article by unidentified special correspondent in Sucre]

[FBIS Translated Text] Sucre, 24 May — The remarks by Chilean Foreign Minister Jose Miguel Insulza to the effect that Bolivia should not have "false expectations" about regaining its outlet to the Pacific, produced immediate reaction from the chief of state. President Gonzalo Sanchez de Lozada stated that this is Chile's "classic" position, adding that Bolivia will not renounce its aspirations to an outlet to the Pacific.

During an impromptu news conference at the Real Audiencia Hotel in this capital, Sanchez de Lozada said: "That is precisely what we are discussing. If this problem did not exist we would not be discussing at all."

Chile's Remarks

In an article published by the Santiago daily LA SEGUNDA, Chilean foreign minister stated that the round of talks Chile is currently holding with Bolivia are "exclusively" geared to granting economic facilities to the latter so Bolivian exports may be exported via Chilean ports.

Insulza said negotiations with Bolivia should be assessed in terms of the spirit of mutual cooperation with which both parties are imbued. The Chilean foreign minister nonetheless said this "should not give rise to false expectations, as Chile has never put the issue of sovereignty on the table."

Second Marriage

Commenting of the Chilean foreign minister's remarks, Sanchez de Lozada said: "I always use the same simile when referring to negotiations with Chile: They are like a second marriage — the victory of hope over experience."

Goni [the president's nickname] added that he would not balk at holding negotiations with Chile no matter how difficult they may be. He added that this should be faced with calmness and seriousness.

The chief executive pointed out: "I maintain my equanimity in the face of this situation; doing my utmost with seriousness, without chauvinism, without seeking the accolades of the public, seeking to make headway with the negotiations so Bolivia may make rapid strides in what we deem is an inalienable right."

The president observed that negotiations with Chile have always been difficult adding: "One should bear in mind that dawn always dispels even the darkest of nights."

Bolivia: IMF Managing Director on Combating Poverty

PY0106001396 Madrid EFE in Spanish 1738 GMT 31 May 96

[FBIS Translated Text] La Paz, 31 May (EFE) — IMF Managing Director Michel Camdessus today ended his official three-day visit to Bolivia and departed for Peru, thus resuming his tour of Latin American countries.

Camdessus left the Bolivian city of La Paz at 1045 (1445 GMT) today, after meeting journalists.

During his three-day visit, Camdessus met Bolivian President Gonzalo Sanchez de Lozada, politicians, catholic church authorities, trade union leaders and private entrepreneurs.

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Camdessus noted that Bolivia has achieved significant headway in strictly implementing a structural adjustment policy, designed to achieve stability and equitable growth.

The IMF managing director noted, however, that these measures should take into account the necessity of establishing objectives aimed at struggling against extreme poverty.

Bolivia: News Summary for 30 May

96CA0190A (Internet) Bolivian Social Communications Ministry WWW in Spanish 30 May 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Political News [passage omitted]

Accusations Levied About Gas Pipeline Delays

According to the MIR [Movement of the Revolutionary Left] and ADN [Nationalist Democratic Action], the Sanchez de Lozada administration and the U.S. firm ENRON have failed to honor their commitments and have allowed time schedules to slip. Worst of all, they are putting at risk the construction of the gas pipeline to Brazil and the gas sales project.

Guido Riveros and Fernando Rojas have alleged that as no financing exists, there is a danger that by the year 2000 the project will not have even begun, when construction of the pipeline should have gotten started in 1996, according to the contracts signed in 1994 by President Gonzalo Sanchez de Lozada. [passage omitted]

Cofadena Implicated in Possible Arms Traffic to Ecuador

Cofadena [Armed Forces National Development Corporation], the organization which five years ago was involved in international arms sales to the former Yugoslavia, is the very same organization that signed contracts to buy Argentine arms, presumably diverted to Ecuador, according to a preliminary official report.

The preliminary investigations concerning the purchase of Argentine arms in the name of Bolivia, in the amount of US $51.6 million, show that the Armed Forces National Development Corporation, at that time headed by General Augusto Sanchez, signed the contract with Argentina in August 1990, but the arms never reached Bolivia. [passage omitted]

Sanchez Berzain To Be Questioned About Student's Death

Minister of Government Carlos Sanchez Berzain will be questioned in the Chamber of Deputies about having last week ordered the police repressions in Cobija, Pando department, which resulted in one death and left others wounded. A number of arrests were made.

Deputy Jorge Suarez Vargas, a member of the Human Rights Commission, said that when the congressional session reconvenes he will call for the minister of government to appear before the full Chamber of Deputies. He will be asked to explain this police action taken against the citizenry. [passage omitted]

Coca Producers Being Destroyed Along with Coca Plants

According to Deputy Ramiro Barrenechea, the militarization of the Chapare region will not only eradicate coca plants, but the coca producers as well, in order to establish geopolitical dominion over the region's natural resources and to allow transit along interocean corridors.

The destruction of coca plants and the expulsion of the coca growers are a result of the new economic strategy being pursued by the United States, which wants to install economically powerful groups in the Chapare and in the Yungas, said this member of Parliament. He stated that these regions are considered to be strategically rich in hydrocarbons and endowed with agricultural and other natural resources. [passage omitted]

Brazil

Brazil: Industry Minister To Fight U.S. Trade Restrictions

PY0406025296 Sao Paulo GAZETA MERCANTIL in Portuguese 31 May 96 pp A1, A8

[Report by Eliane Castanhede]

[FBIS Translated Text] Industry, Commerce and Tourism Minister Francisco Dornelles has asked his team to make a complete survey of the restricitons imposed by the United States on Brazilian products. The minister warned that things will not be allowed to remain just like that. "We will restart negotiations over each one of those products," Dornelles told this newspaper on 30 May.

Dornelles, who took over last month, justified his position by saying that "everyone has resigned himself or herself to the restrictions. I have not. I have just taken over; I am not satisfied at all, and I want to once debate about everything." To make it clear that he is not satisfied, he used verbs like "to stir" and "to unearth."

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The barriers imposed by the United States are among the main causes of the reversion of the Brazilian balance of trade, which last year registered a deficit. Government sources have claimed that "this absurd U.S. process is against all principles of globalization and opening of the economy, which the United States claims to advocate."

A study that Dornelles received from Foreign Trade Secretary Mauricio Cortes lists eight products on which the U.S. authorities imposed barriers: orange juice concentrate, fruits and vegetables, sugar, frozen chicken, tobacco, textiles and clothing, gasoline, and iron and steel products.

Herewith a summary of the damage caused to Brazil:

— Juice: In the case of juice, the current tariff amounts to $467.71 per tonne, "the highest tariff level provided for by the U.S. Customs Tariffs list, equivalent to an ad valorem tax of 42.5 percent."

— Fruits and vegetables: They are affected by plant health restrictions.

— Sugar: Two barriers have been imposed on Brazilian sugar: an import quota of 150,000 tonnes per year, in addition to subsidies paid to domestic U.S. sugar production, subsidies which are estimated at approximately 80 percent of international market prices.

— Frozen chicken: The document adds that the main obstacles caused to Brazilian frozen chicken exports stem from the special financing conditions that the United States has granted — over the past five years — to sales on third markets. Subsidies amount to $500 per tonne, "which is equivalent to a high incentive of 45 to 50 percent on the international price of the product."

— Tobacco: Two restrictions affect tobacco. According to the study, the restrictions violate the principles of the WTO and "must be eliminated, to preserve both freedom of exchange and the interest of U.S. consumers." The restrictions are: "The law compelling domestic consumption of at least 75 percent of domestic production, and the resulting imposition of import quotas." The quota for Brazil is 80,200 tonnes per year.

— Textiles and clothing: The custom tariffs imposed by the United States are considered very high. As an example, the study mentions a 38.5 percent ad valorem tax, in addition to a tax of $0.45 per kg, on pure wool and mixed wool textiles.

— Gasoline: Brazil has stopped selling gasoline to the United States as of 1 January 1995, under the excuse of preserving the environment from some pollutants. U.S. refineries, however, have been allowed to continue to work with the chemical specifications in force in 1990. Since this entails discrimination, Venezuela raised the issue before the WTO, obtaining a favorable answer. The U.S. Government still has to give an answer.

— Iron and steel products: The study claims that several Brazilian iron and steel products must pay anti-dumping duties, counterveiling duties, or anti-subsidy fees. "This involves protection to less efficient U.S. iron and steel sectors."

Brazil: Nation Contributes Projects to Japanese Satellite

PY3105235696 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 May 96 p A6

[Article by Liana John]

[FBIS Translated Text] Campinas, Sao Paulo State — The first Japanese environmental satellite, which is called Adeos (Advanced System for Earth Observation), will be launched on 17 August. It will carry the most advanced sensor technology and will observe the greenhouse effect, the ozone layer, deforestation, the climate, and atmospheric changes. This technology will supply unprecedented data to dozens of research units in the United States, Europe, and in Brazil, which participated in the undertaking with two recently approved projects.

Adeos is a sort of space platform on which Japan has opened opportunities for scientific experiments by other countries. Among this equipment is one known as Polder, a French-manufactured sensor, which contains two Brazilian projects.

Beside Polder, the systems used in the current environmental satellites — U.S. Landsat and the French Spot — seem pre-historic. Polder can filter each image 15 times and will "see" the same point from 14 different angles. Landsat, which provides a lot of information to Brazil for environmental monitoring, filters the image seven times and produces images from just one angle.

The Campinas Nucleus for Environmental Monitoring [NMA] and the Rio Grande do Sul Federal University drafted the two Brazilian projects. The first project will study interference from the atmosphere on environmental satellite images, and the second will be in the field of physical oceanography.

NMA's Evaristo Eduardo de Miranda said: "With data from Polder, we can improve our gauging and correction models, which are fundamental in processing images from our Sino-Brazilian satellite." The test will be conducted at Chapada dos Parecis (Mato Grosso State). The goal is to measure the modifications produced in the atmosphere by burning fields, as well as the way the satellite "see" the ground.

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Carlos Garcia, a Rio Grande do Sul researcher, will study the color variations of oceans, which indicate various concentrations of phytoplankton and sediment in sea water.

Brazil: Government To Create Office for FTAA Issues

PY0106025696 Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 p A8

[Report by Maria Helena Tachiniardi]

[FBIS Translated Text] President Fernando Henrique Cardoso will probably sign a decree creating a national office for matters concerning the Free Trade Area of the Americas (FTAA). The new organization, which will be similar in structure to the Brazilian office for the Common Market Group, the executive body of Mercosur [Common Market of the South]. The Brazilian FTAA office will be charged with coordinating Brazilian negotiations for the creation by 2005 of a free trade area among 34 countries of the Americas.

A diplomatic source yesterday told GAZETA that the FTAA office will seek to avoid positions that would be out of keeping with Brazil's commitments to Mercosur and to the WTO.

The Brazilian FTAA office will be coordinated by Ambassador Jose Botafogo Goncalves, who is in charge of economic and integration affairs at the Brazilian Foreign Ministry. The Brazilian FTAA group informally met for the first time at Itamaraty on 24 May. It was decided that the administration will consult with the private sector on the issues that are being debated within the framework of the FTAA.

Brazil is scheduled to host the third meeting of trade ministers of FTAA countries in May [as published] in Belo Horizonte. The Business Forum of the Americas is also scheduled to meet in Minas Gerais prior to the ministerial meeting.

The Brazilian FTAA office will charged with coordinating the Brazilian position on 11 topics under discussion in the working groups, including access to markets, rules concerning origin of products, customs procedures, intellectual property, and investments.

Brazil: New Planning Minister's Views Outlined

PY0106014196 Sao Paulo AGENCIA ESTADO in Portuguese 2102 GMT 30 May 96

[Report by Lu Aiko Otta]

[FBIS Translated Text] Brasilia, 30 May (AE) — In the confrontation of ideas between Finance Minister Pedro Malan and outgoing Planning Minister Jose Serra, Antonio Kandir, the newly designated Planning Minister, is in a position between the two of them. He is close to Malan when he advocates the opening of the economy, coupled with policies that can give more competitiveness to Brazilian exports. Yet he is closer to Serra when dealing with interest rates, which he believes to be high.

As for the speed of interest rate reduction, which was the main point of disagreement when he was a deputy in mid-1995, Kandir backed Serra. Between August and September 1995, Kandir advocated a more drastic interest rate reduction. At that time, Kandir granted press conferences in which he openly criticized the exchange rate, which he considered too low, and the interest rates, which he considered too high.

In an interview granted in October 1995, Kandir said: "I believe the officials of the economic area are not using the right dose of cautiousness." At that time, the interest rates surpassed 2.7 percent. It was a different situation, because interest rates now stand at approximately 2 percent, while the inflation rate is slightly more than 1 percent. Interest rates have undergone considerable reduction, and Kandir stopped criticizing them some time ago.

More civilized interest rates can lead to another target that Kandir has traditionally advocated: faster and more profitable privatization. In his opinion, financial investment, with high interest rates, has been a strong competitor for the shares of privatized enterprises. With lower interest rates, investment can be channeled to privatization, yielding more money to the government. In his opinion, privatization revenues must be used for reducing the domestic debt.

The opinions of Deputy Kandir, however, can be different from those of Minister Kandir. Preaching an idea from a rostrum is different from implementing the privatization program. His work will depend on the instructions that he will receive from President Fernando Henrique Cardoso upon his return from Europe.

In October 1995, Kandir identified two major lines of action for promoting economic reactivation in 1996: promote foreign trade and domestic savings. He submitted draft laws to bolster those two sectors. In his opinion, the government should foster exports in order to increase machine and raw material imports without affecting the balance of trade.

He also believed that economic growth should be financed independently from foreign sources. To this end, it would be necessary to increase domestic savings. More attractive long-term investment might make Brazilians increase domestic savings. A bill submitted

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by Kandir, reformulating the law of corporations, made it easier for savings accounts' owners to finance the growth of enterprises.

Brazil: Attempts Made To 'Isolate' Anti-Reform Deputies

PY0106004496 Rio de Janeiro O GLOBO in Portuguese 28 May 96 p 5

[Article by Maria Lima]

[FBIS Translated Text] Brasilia — The federal administration, which has made a list of dissidents who would be "estranged," has threatened to isolate the deputies who voted against the social security reform. As a result, these deputies have become really angry and threatened confrontation and the creation of a multiparty group to exert pressure on the administration, similar to the former Big-Center bloc [Centrao], which has functioned as the pointer of the scale in the Constituent Assembly voting sessions. The group of dissidents, comprised of nearly 60 deputies, would be created with dissatisfied congressmen of the PPB [Brazilian Progressive Party], PMDB [Brazilian Democratic Movement Party], and the Brazilian Labor Party. This group may now become the greatest obstacle to the government leaders' efforts to resume voting on the social security reform. Heatedly, some of them began on 27 May to give up their appointments to government positions. PPB leader Odelmo Leao (MG) [Minas Gerais] criticized the possibility of retaliation against his party congressmen, who represent the party which has the largest number of dissidents in the government-support base.

Leao said: "I cannot accept this persecution and I demand respect for my party's bloc."

The government leaders spent the entire weekend trying to convince themselves of the need to avoid in the 28 May voting sessions further defeats, similar to the ones faced by the federal administration last week. The atmosphere reigning in Congress on 27 May, however, was that of demanding hard reactions to the federal administration's retaliation threats.

"I will not force anyone. I do not agree with this strategy of retaliating the dissidents. If there is any persecution, I will be the first one to oppose it," Odelmo Leao warned.

In the Congress corridors, the dissidents were saying on 27 May they had heard that Political Coordination Minister Luiz Carlos Santos (PMDB-SP) [PMDB-Sao Paulo) was allegedly finishing the black list of dissidents in order to negotiate requests for positions and, later on, report on them thus demoralizing those who had asked for the positions.

"Whenever Deputy Luiz Carlos Santos addressed his colleagues at the Chamber, he already made the federal administration lose votes. Now, as a minister, he has tripled his capacity of losing votes. I cannot accept the patrol-like control or threats of that Planalto Palace robocop [presidential spokesman] (Sergio Amaral), who is instructed to deliver rude messages to the deputies. If we create a party with the dissidents, it will have more members than the government-supporting parties," Deputy Eraldo Trindade (PPB-AP) [PPB-Amapa] said. Trindade is one of the deputies who attended the meeting of the group who is studying the idea of recreating the Big-Center bloc.

Reaction to the retaliation threats has led some deputies to resign from government positions and prepare themselves for confrontation. Deputy Herculano Anghinetti (PPB-MG) has sent an official letter to Luiz Carlos Santos resigning from two positions: Brazilian Radio Broadcasting Company manager in Belo Horizonte, and head of the Private Insurance Superintendency.

"I do not want demands to be made against me because of these appointments. The government leaders should soften their inappropriate comments. They can choose whether to extinguish the fire with water or kerosene", Anghinetti said.

Government leaders will meet Luiz Carlos Santos and acting President Marco Maciel on 28 May, in order to establish the method and strategies for the voting sessions to be held this week. The idea is to finish voting on controversial aspects of the bill [Destaques para votacao em separado — DVS] before 31 May, even if this may represent further defeat for the federal administration. The most controversial DVS is the one that deals with the standardization of allocation transfers to the pension funds.

Brazil: Unemployment Blamed on Government Economic Policy

PY0106014496 Sao Paulo GAZETA MERCANTIL in Portuguese 28 May 96 p A2

[Article by GAZETA Managing Council Chairman Herbert Levy: "The Administration and Its Responsibilities"]

[FBIS Translated Text] It is amazing how indifferent President Fernando Henrique Cardoso can be to the adverse reactions his deflationary policy provokes.

In terms of unemployment, our rates are now higher than the notoriously unfavorable rates of the EU. Our unemployment situation is compounded because unemployment benefits, which work well in developed countries, are nonexistent in Brazil. This alone should have

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led a politician like Cardoso, who has always assigned priority to social issues, to be more sensitive to the unemployment problem and to prevent it from assuming the current magnitude as a result of a deflationary policy. While this policy is designed to defend the Real Plan, the administration cannot turn a blind eye to all the serious negative consequences it is provoking.

Fortuitous circumstances arising on the international front — like the increase in prices of soybean, corn, and wheat, among others — have reduced the impact of this policy on the respective farming areas, which have been hardest hit by the policy of overvaluing the real. The unbelievable unemployment figures in agriculture, which came close to 1 million workers in 1995, were compounded by the fact that these workers cannot do anything else but farm work and have thus joined the ranks of landless peasants who, driven by insurmountable difficulties, have engaged in the unprecedented illegal activity of invading private land.

The administration and other sectors as well, including the Brazilian Army — which is making its unused land available for agrarian reform — are now making multiple efforts to settle the unemployed workers. The church has also promised to do the same. The administration is, however, still struggling with an agrarian reform that still remains largely on paper. In fact, a successful agrarian reform could be implemented only after thorough studies to ensure the required technical and financial assistance can be provided to the newly settled farmers.

The administration has received well-deserved credit for its moral stature that has been instrumental in promoting a considerable increase in industrial investments, especially in the auto industry; yet, it has been held responsible for the record inflow of foreign speculative capital attracted by the notoriously high interest rates prevailing today in Brazil.

I believe it should be unnecessary to note here what is both publicly known and obvious: The high cost the country is paying for the folding of industrial and commercial companies that are being forced out of business by high credit costs, and what this means in terms of bankruptcies and debtor-creditor arrangements as well as in terms of unemployment in the respective areas.

The administration displays, however, unjustified euphoria over the high volume of our exchange reserves, which have reached the unprecedented level of $55 billion! These reserves have been unfortunately built up by allowing unrestricted entry of speculative capital, which focuses on high yield, short-term investments. One of the main victims of these investments is the government itself, which has quietly acquiesced to this irregular practice.

Those short term investments obtain high profits in reals without difficulties or delays. To prevent the entry of dollars from increasing the money supply, the Treasury issued public debt bonds.

Believe it or not, the administration chooses to ignore the high cost it is paying. In January 1995, when President Cardoso was inaugurated, the public debt stood at 61.8 billion reals. It now stands at 138 billion reals. It has more than doubled!

The president is now visiting Paris, in another flashy tour while our public deficit continues to grow. It is growing first as a result of the serious crisis affecting productive sectors; and second, as a result of the disorderly growth of the domestic debt — expenses on public debt interest grew by 87.5 percent during the first quarter of 1996 compared to the same period of 1995. This in turn requires the issuance of more bonds and thus becomes a vicious circle. This should call the attention of the administration which should implement measures.

When will we have effective measures to reduce the outrageous cost of loans? When will we have a realistic exchange policy and thus stop punishing our industrial companies with unfair competition from imported products, discouraging our exporters, and yielding absolutely unprecedented trade balance deficits? When will we have an economic policy that promotes employment instead of fomenting unemployment?

We need a policy to promote profits, not insolvency. There are questions which I hope the president will try answer when he returns from Paris.

Brazil: Strategies of Serra's Opponents Discussed

96SM0331B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 May 96

[Unattributed article: "Opponents Arm To Fight PSDB Candidate" — received via Internet]

[FBIS Translated Text] A group of attentive spectators is not taking its eyes off the interviews held by Minister of Planning Jose Serra since his announcement two days ago that he was running for mayor of Sao Paulo on the PSDB [Brazilian Social Democracy Party] ticket. Those spectators are the strategists for the campaigns by Francisco Rossi (PDT [Democratic Labor Party]), Luiza Erundina (PT [Workers Party]), Celso Pitta (PPB [Brazilian People's Party]), and Joao Oswaldo Leiva

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(PMDB [Brazilian Democratic Movement Party]). Eager for information, they have all begun outlining tactics to combat the PSDB danger.

Mayor Paulo Maluf's PPB, for example, has tried to conduct a survey of what Serra has failed to do for Sao Paulo. The objective is to neutralize the PSDB candidate's words—he has already taken a dig at three of his opponents by saying that he was born and raised in the capital. Pitta is from Rio de Janeiro, Erundina is from Paraiba, and Rossi's political career was in Osasco, where he was mayor.

During their allotted time on TV, Maluf's supporters are going to show that as minister, Serra made extremely little money available for improvements to the city even though he was a Sao Paulo native. Maluf's associates do not tire of saying that the municipal government had to reshuffle 200 million reals in the budget to begin construction work on bus corridors and terminals because the Ministry of Planning would not authorize the release of funds.

It is true that the request was submitted back during Itamar Franco's administration. "But so far not a penny for that project, which benefits 6.5 million passengers per day, has arrived from the coffers of the ministry headed by Serra," said one of the mayor's advisers. The upsetting of the campaign chessboard in Sao Paulo as a result of Serra's entry onto the electoral stage also reveals that campaign discourse changes according to political circumstances.

Maluf, who has always taken pride in being from Sao Paulo, ordered his team to make a survey of the most popular mayors in the city's history. If necessary, the PPB's platform will show that Janio Quadros was born in Campo Grande, Mato Grosso do Sul and Prestes Maia in Amparo, Sao Paulo. And Faria Lima was from Rio de Janeiro, like Pitta.

Recession—Hammering on the consequences of the economic policy, one of whose chief enforcers was Serra, is another weapon that will be used by all the candidates.

With the PSDB minister in the running, the election in the capital—which handles the fourth-largest budget in the country—has become federalized. The candidates representing the PDT, PT, PPB, and PMDB will say that unemployment in the city of Sao Paulo is affecting 1.3 million workers, and they will place the blame for it on the economic policy pursued by the Federal Government. "I like Serra a lot, and he likes me, but war is war," says advertising executive Duda Mendonca, a strategist in the PPB's campaign.

"It may be a high-tech war like the one in the Persian Gulf," adds Deputy Paulo Teixeira, a member of the PT's state executive committee. In talking about the unemployment picture, Erundina will propose solutions, and contrary to what was announced by Aloizio Mercadante, the PT's candidate for deputy mayor, the PT will not revive the 1994 debate against the Real Plan.

"The voters don't want to hear about that," said advertising executive Celso Loducca, who will run Erundina's television campaign. "We are going to show the recession's effects on the city, but at the same time we will always present the way to solve the problems." At the other end of the spectrum, the PPB candidate will say that the municipal government's public works projects are responsible for 100,000 jobs. "Pitta will continue Paulo Maluf's work, and he therefore represents security," Duda insists.

The PPB is gambling on the potential for a transfer of votes from Maluf to help Pitta and will try to portray his opponents as risky candidates. In the fight against Serra, Erundina and Pitta will also lead an exchange of barbs on the subject of how to administer the city. The PT candidate will point out that if the Maluf administration's plan for electronic fare registration equipment is approved, 20,000 ticket collectors on buses will put out of work.

In addition, the idea is to show that the mayor and the federal administration were allies on many occasions. "So much so that Maluf was able to federalize Sao Paulo's debt totaling 3.3 billion reals," notes Jilmar Tatto, president of the PT's municipal executive committee. The PT is working to improve its candidate's standing in the middle and upper classes, those being the sectors where she is least popular.

To do so, it intends to publicize everything that has not been revealed about Erundina's administration. "It will be a surprise," Loducca claims. At the same time, the party will present a list of proposals for such structural problems as traffic, flooding, and investment in industry. Those suggestions are part of a package that the PT is putting together under the name of "strategic project." "It is not just for four years in office," Tatto says.

"We want to prepare Sao Paulo for the 21st century." Mercadante has already been designated to help reduce the rejection of Erundina by about 50 percent. An economist, he has good access to the middle class and will also be at the candidate's side at rallies and in hand-to-hand fighting during the campaign. To draw votes away from Serra, the PT will also use the argument that he entered the race unwillingly, thus pointing up his indecisiveness.

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"Serra's calling lies elsewhere, and he was forced to be a candidate," says Loducca.

Bankers—In the opinion of PMDB candidate Joao Leiva, Serra will have to explain not only unemployment and the bankruptcy of firms but also the program for helping the banks, the Amazon Region Surveillance System (Sivam), and the pink portfolio at Banco Economico. "He is also the bankers' candidate and will be called on to explain that," Leiva said.

In the opinion of Ary Gutierres, an adviser to Francisco Rossi, the PSDB candidate does not have a good facial expression or the ability to communicate that are required for the allotted TV time. "Rossi has much more charisma, and that will be a big advantage," he says. Leiva and Rossi will compete with Erundina for space as opponents of the federal administration and critics of Maluf's priorities, but they will try to differentiate themselves from the PT when it comes to presenting proposals.

"The difference is that we criticize because we have already done things, whereas the PT criticizes but does nothing," says Leiva. To back up that claim, Leiva will point to all the projects carried out in the capital by the PMDB's state administrations. "We will prove that we have done more for the city than all the other parties," the PMDB candidate states. "The PMDB is responsible for installation of half the subway network and the police stations, 80 percent of the electricity and water in the shantytowns, and 70 percent of the hospitals on the periphery," Leiva says by way of example.

Using the same arguments, he will attack the Maluf administration, alleging that the mayor assigned priority only to projects in the middle-class areas. "Maluf did more for the rich part of the city and neglected the periphery," Leiva claims. "We are not going to halt his projects, but our priorities will be social." The PMDB candidate also says he will propose administrative decentralization through the establishment of 52 branch city halls.

Target on his forehead—Rossi, too, will try to offer an alternative to the Maluf administration without engaging in a lot of criticism of the current mayor. His hope is to enter the second round with Erundina as his opponent and with Maluf's support. Rossi and Leiva both believe that the PT candidate will be in the second round, and that leaves only one vacancy in that round. Rossi simply does not know the PMDB candidate and must focus his artillery on Serra and Pitta.

Without worrying about that quarrel, but with a target painted on his forehead, Serra will have to concern himself with not winding up solely on the defensive. To avoid the debate on national problems, where he will be more the windowpane than the slingshot, he will probably try to restrict the debate to municipal issues. He made that concern clear in his very first interview as a candidate. "I did not come here to defend anybody," the minister declared.

"The people of Sao Paulo are more concerned with the city's problems, and they want to see the proposals that each candidate has." The PSDB's hope is that the concern with the social area will benefit the parties in the center and on the left. It believes that without the PFL, the PSDB will probably take on a more social democratic "polish." "The winner will be the one with the best proposals in the social area," says State Deputy Walter Feldman (PSDB), Covas' government leader in the Legislative Assembly.

Brazil: Electoral Alliances Discarded in Rio

96SM0331A Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 May 96

[Article by Daniela Schubnel: "Electoral Alliances Fail in Rio"; introductory paragraph in boldface as published — received via Internet]

[FBIS Translated Text] **The mayor says that the PSDB [Brazilian Social Democracy Party] is not part of the PFL's [Liberal Front Party's] plans, and the PT [Workers Party] chooses Chico Alencar by acclamation, thus ruling out an alliance with the PDT [Democratic Labor Party].**

Two alliances that had been taking shape within the Rio de Janeiro political framework in preparation for the first round of municipal elections—one between the PSDB and the PFL and the other between the PDT and the PT—were ruled out yesterday. The PT decided to run its own candidate—Municipal Councilor Chico Alencar—and Mayor Cesar Maia of the PFL decided not to pursue a coalition with the PSDB. Following a meeting with top PFL leaders at City Hall, the mayor nominated his secretary of town planning, Luiz Paulo Conde, who had originally been presented only as an alternative to the future coalition.

"Sergio Cabral Filho, the PSDB's preferred candidate, is not someone that our party wants to see representing it in the municipal elections. With his well-known weakness, he is unprepared to govern and lacks the political experience to do so," the mayor said yesterday morning. On Saturday night, Governor Marcello Alencar, on the campaign trail alongside former Governor Ciro Gomes of Ceara and speaking to PSDB members, said that Deputy Sergio Cabral Filho was the party's best candidate. Yesterday, however, Marcello avoided commenting on the mayor's decision.

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And for the first time in this campaign, Sergio Cabral Filho responded to the mayor's criticism: "Cesar Maia is no one's ally except his own. He betrayed Brizola and the PMDB [Brazilian Democratic Movement Party], and who knows, tomorrow he may betray the PFL. He has been dealing with his succession in an irresponsible and grotesque manner, so his attitude does not surprise me," said the deputy, who promised, however, to complete the construction of Rio Cidade if he is elected. "We are not going to leave anything unfinished. The people do not deserve that lack of respect."

For his part, Cesar Maia was emphatic: "Luiz Paulo Conde will be able to provide continuity for Rio Cidade, one of the Rio population's major concerns, as was revealed by a recent Ibope [Brazilian Public Opinion and Statistics Institute] poll," he said, despite the criticisms regarding overbilling and the fact that he has been the target of a CPI [congressional investigating committee] in the Chamber of Deputies.

Unbelieving—"One of my campaign priorities will be to fight for municipalization and to eliminate the single fund between the state and the municipal government," said Luiz Paulo himself, who views with equanimity the fact that he is not mentioned in the polls. "I don't see any credibility in them," he said.

Even after Governor Marcello Alencar's candid endorsement of Sergio's candidacy, the mayor again defended positions he had ruled out a week ago as he agreed to discuss the possibilities for a coalition with the PSDB. "The alliance between the PFL and the PSDB would have a greater chance of being strengthened if Senator Artur da Tavola or Secretary Ronaldo Cezar Coelho joined in the debate," he said.

Ronaldo, who actually visited the mayor last week in search of support, gives no sign of having heard the governor's warnings and is completely ignoring the event on Saturday. Marcello has already said that he cannot return to the secretariat if he sticks to his decision to resign from it this Friday the 31st to seek nomination. "I am going to show the party that I am the best candidate," the secretary reaffirmed yesterday even after holding a separate meeting with Minister Francisco Dornelles.

Brazil: Lucena Leaves Position To Run in Local Elections

PY0106030096 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 31 May 96

[FBIS Translated Excerpt] Regional Policies Secretary Cicero Lucena leaves the federal administration to run in the October elections.

Lucena met with Acting President Marco Maciel to tender his resignation to his current position. He said he is leaving the administration in order to run for the Joao Pessoa (Paraiba State) municipality, as a Brazilian Democratic Movement Party candidate. Before meeting with Maciel, Lucena met with Civilian Household Chief Clovis Carvalho, and telephoned President Fernando Henrique Cardoso, who was in Switzerland, in order to let the president know that he was complying with the rule establishing that all members of the executive branch who want to run in this year's municipal election must leave their positions by 2 June. [passage omitted]

Regional Policies Deputy Secretary Nilson Holanda will be acting secretary until President Cardoso appoints someone to replace Lucena.

Brazil: Impact of Kandir Appointment Discussed

96SM0331C Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 May 96

[Unattributed article: "Kandir Will Attack High Interest Rates" — received via Internet]

[FBIS Translated Text] Brasilia—The stands taken by Antonio Kandir may reinforce the position taken by the advisers surrounding Jose Roberto Mendonca de Barros, secretary of economic policy. That position has everything needed to make it attractive to Minister of Industry and Commerce Francisco Dornelles.

A calm man, he is expected to reduce to zero the level of tension that has prevailed in the economic area so far and caused polarization, with Jose Serra on one side and Gustavo Franco, director of the Central Bank, on the other. Incidentally, one interpretation circulating yesterday regarding the change in command at Seplan (Secretariat of Planning) was that Franco, who no longer has anyone to duel with, may also lose standing in the administration. Or at least become more flexible.

The strategy for a future course correction, the main opponents of which are Franco and Francisco Lopes, another director of the BC [Central Bank], is said to include a more accelerated drop in interest rates. That would make room for a significant increase in the consumption of goods and services without creating panic in the administration, and it would include the establishment of tax concessions for reducing the so-called Brazil cost, thus resulting in an increase in the exchange rate of the real for the export sector without the need to fiddle with the exchange rate directly.

That is one solution advocated by Mendonca de Barros, but it requires that the other members of the team show a willingness to assume risks.

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Those questions have been up for discussion by the economic team for some time, but they have not led to anything precisely because when two extreme viewpoints clash, the tendency is for everything to come to a halt while the two sides seek to mark out their positions. In that context, a knowledgeable source in the administration feels that Serra's departure will open up room for more flexibility on the team.

Calabi may leave—Another consequence of the choice of Kandir to head Seplan is that Andrea Calabi may resign from the post he currently holds—that of executive secretary of planning. Calabi was in the running for the position of minister but lost for the second time. The first time was back in the 1980's, when he was secretary of the Treasury and Luiz Carlos Bresser Pereira was minister of finance. Bresser was fired, and the post went to Mailson Ferreira da Nobrega. Calabi, having been passed over, resigned from the administration.

A well-informed source in the economic area said yesterday that Calabi's situation was being "taken care of" and that the president of the republic might offer him another post in the administration if he feels some discomfort at remaining where he is.

Who Serra wanted—The delay in confirming Kandir's appointment opened a breach allowing rumors to circulate in Brasilia. As late as Tuesday night, sources in the administration and Congress were saying that Serra was working more on Calabi's behalf than he was on Kandir's. In his efforts, Serra reportedly had the support of Minister of Communications Sergio Motta and the chief of the Civilian Household, Clovis Carvalho. Serra vehemently denied that rumor, claiming that he had submitted two names to President Fernando Henrique: those of Kandir and Calabi. He also emphasized that "if there is anyone who gets along well with Kandir, it is I." Carvalho also denied it. He said that "the two in question were the only worthwhile choices."

The chief of the Civilian Household also claimed that Calabi was not leaving the administration and would probably not leave Seplan. But he pointed out that the invitation to the executive secretary of planning to work for him in the Civilian Household was "always valid at any time."

Kandir and confiscation—The image of the new minister, who should take office next week, is associated with the confiscation by the Collor administration and with the team of former Minister Zelia Cardoso de Mello, but that does not bother the administration. As Clovis Carvalho pointed out, "how many qualified people worked in the Collor administration?"

Kandir, who was active in the PT [Workers Party] before joining Zelia's team, was secretary of economic policy in the Ministry of Economy at the time and one of those responsible for the opening-up of the economy and the privatization strategy. He left the administration along with the minister [Zelia] and broke with Zelia following publication of the book in which she related the putting together of the Collor Plan and described her romance with then Minister Bernardo Cabral.

He opened a consulting firm in Sao Paulo and began preparing to run for deputy on the PSDB [Brazilian Social Democracy Party] ticket. In Congress, he worked in quite close harmony with Minister of Finance Pedro Malan's team. An engineer with a doctorate in economics, he wrote a book in the 1980's titled *A dinamica da Inflacao (The Dynamics of Inflation)*, and at his consulting firm, he collaborated with Union Power in writing a reference work titled *Um Projeto Para o Brasil (A Plan for Brazil)*. He advocates a strong fiscal policy, the equilibrium of which is the true anchor of the real.

Brazil: Pros, Cons of Kandir Choice for Government

96SM0331D Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 May 96

[Editorial: "Gains and Losses" — received via Internet]

[FBIS Translated Text] Antonio Kandir's appointment to the Ministry of Planning represents gains and losses for the administration. The gains seem obvious. Kandir is undoubtedly more in tune with Minister of Finance Pedro Malan's team than Serra is. For example, no one can imagine Kandir entering a collision course with any member of the economic team. "Kandir is in tune with everyone," says a member of the administration.

But it should not be thought that Kandir's arrival means that everything is roses for FH [Fernando Henrique]. Kandir represents a serious loss for the administration and Congress. No one has heard much about his alternate, the obscure Emanuel Fernandes. Kandir was an important leader in Congress and has contributed quite a bit to the administration in discussions concerning the constitutional reforms.

"The administration has shown poor judgment in taking important people away from the legislative branch and into the executive branch," says political scientist Sergio Abranches. Especially since there were other people who could have occupied the Ministry of Planning. The problem was that Fernando Henrique needed someone conciliatory who would be equally agreeable to Serra and to Malan. Kandir is a friend of Serra's; he worked with him on the tax reform bill, and the two still have

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many ideas in common. Kandir is clearly a defender of an industrial policy along the same lines as Serra and unlike Malan. It can even be said that Kandir thinks more like Serra than he does like Malan. The only thing is that Kandir, because of his temperament, would be incapable of clashing with Malan and his team. He will certainly behave in accordance with the administration's directions.

Andrea Calabi, the other possibility discussed within the administration, was considered still too immature by Planalto Palace, even though he is well liked by FH himself. Calabi recently came close to resigning and changed his mind only because Planalto Palace stepped in. In addition, Calabi lacks the votes.

Brazil: Roundup of Economic Reports Through 31 May

PY3105212796

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 31 May.

BASIC LEADING INDICATORS

Cost of Services Increases — Since the implementation of the Real Plan, the cost of services used by the middle class has risen by 98 percent, while the inflation rate used to calculate salary adjustments between July 1994 and April 1996 is 48.6 percent. During the same period, house rentals increased by 208 percent, entertainment by 70.5 percent, health insurance by 60.3 percent, and the salary of maids by 59 percent. These figures were compiled by the Brazilian Institute of Economy of the Getulio Vargas Foundation. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 May 96 p 15)

FINANCIAL OPERATIONS

Investment in Telecommunications — Sao Paulo Telecommunications, Telesp, has announced an expansion plan involving an investment of $1.5 billion over the next two years. The plan provides for the installation of 800,000 new conventional telephone lines in Sao Paulo, in addition to its current 2,500,000 lines. (Sao Paulo ISTOE in Portuguese 29 May 95 p 113)

Telecommunications Enterprise — Antonio Carlos Rego Gil, a former president of ATT Network Systems, is forming a new telecommunications enterprise in partnership with the Evadin group. The new enterprise is called Teledin — Evadin Telecommunications Corp. Evadin owners, who will own the majority shares, will decide the percentage of shares to be owned by each partner. Teledin's specific target is to join a consortium for participation in the tender for operation of cellular phone services on the B band in Sao Paulo. Teledin may join an existing consortium or create a new consortium with an operator that is yet not working in Brazil. (Sao Paulo GAZETA MERCANTIL in Portuguese 29 May 96 p C6)

Financial Aid to Banks — The Central Bank, BC, has transferred 21.1 billion reals [R] as aid to the financial system. The BC has thus far guaranteed R10.2 billion in credits that are difficult to recover and in debts owed by bankrupt banks. Such debts are: R2.9 billion owed by the Economico Bank, R6.5 billion owed by the Nacional Bank, and R800 million owed by Banorte. Within the Program to Encourage and Strengthen the National Financial System, PROER, the BC granted loans worth R10.9 billion for bank mergers, according to the following breakdown: Nacional Bank, R5.9 billion, Economico Bank, R2.9 billion, Federal Savings Bank, R1.7 billion, Antonio de Queiroz Bank, R11 million, and Banorte, R300 million. The BC has also guaranteed non-returnable credits worth R400 million of the Economico Bank. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 May 96 p 13)

Exchange Rate Band Adjusted — On 27 May, the BC adjusted the dollar exchange rate band by 0.1 percent, placing it between R0.996 and R1.01. This was the fourth band adjustment during May. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 May 96)

Treasury Transfers to Banco do Brasil — The unsuccessful effort to sell Banco do Brasil, BB, shares to private investors has compelled the BC to buy more BB shares than it expected. The Treasury will have to disburse an additional R3.8 billion to buy the shares that were not sold on the market, pushing to R6 billion the total capital that the Treasury will transfer to the BB. The BB shares sold to private investor amounts to less than R40 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 28 May 96 p A-1)

FINANCIAL OPERATIONS

German Investment — The Brazilian Society for Studies of Multinational Enterprises reported on 30 May that German capital firms operating in Brazil will invest about $1 billion per year for the rest of the decade. The automobile sector will receive 50 percent of this investment, chemical industries 23 percent, and iron and steel and mining 11 percent. In 1994 and 1995, these firms invested an average $300 million per year. (Sao Paulo AGENCIA ESTADO in Portuguese 2152 GMT 30 May 96)

British Currency Investment — On 29 May, a group of 17 financial institutions headed by HSBC Markets,

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of the Hong Kong and Shanghai Bank, sold Brazilian Government bonds worth 110 million pounds, with a three-year maturity period. This is Brazil's first operation on the sterling market in more than 50 years. (Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 pp A1, B5)

Interest on Foreign Debt — The Brazilian Government this year will pay R1.8 billion in interest and principal on credits granted by the World Bank over the past few decades. Dennis Mahar, the World Bank representative in Brazil, believes this year the bank can grant Brazil as much as R1 billion. Brazil has already contracted World Bank loans worth R7.408 billion. Only R3.708 billion of this total has so far been disbursed, R862 million in 1995. [Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 p A-8]

PRIVATIZATION

Privatization Revenues — During five years of implementation of the privatization program, the sale of 45 state-run companies has yielded R11.04 billion, of which only R2.06 billion were paid in currency, the rest was paid in public bonds. The debts of these state-run companies, which amount to R3 billion, were transferred to the new owners. The revenues from the privatizations are equivalent to the amount that the Treasury spends to cover personnel expenses in a period of less than four months. They are equivalent to 12.5 percent of the federal domestic debt. Between January and April 1996, the federal government spent R7.77 billion in interest on its domestic debt, that is, it spent 70 percent of the revenues obtained in almost five years of privatization. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 May 96 p 17)

Mato Grosso To Sell State Bank — The Mato Grosso Legislative Assembly on 29 May approved a draft bill authorizing the state government to privatize the Mato Grosso State Bank and Mato Grosso Power Plants, Inc. (Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 pp A1, B1)

TRADE ISSUES

Development Bank for Mercosur — On 25 June, the presidents of Brazil, Argentina, Paraguay, and Uruguay — the four Mercosur countries — will debate the creation of a development bank for the bloc. The presidents will meet in San Luis, Argentina. The bank will finance 13 infrastructure projects, among them electricity power transmission lines, gas pipelines, and the modernization of sea ports. The new bank will result from the transformation of Fonplata — the River Plate Basin Development Fund. The Mercosur bank will have capital from the four Mercosur partners and from Bolivia. Chile will be invited to join the bank. (Sao Paulo GAZETA MERCANTIL in Portuguese 29 May 96 pp A1, A6)

Chile

Chile: Investors 'Categorically Reject' Helms-Burton Law

PY0406032296 Santiago EL MERCURIO in Spanish 31 May 96 p B1

[FBIS Translated Text] Chilean businessmen, entrepreneurs, and executive officials who reside in Cuba have issued a joint statement rejecting the hardening of the embargo decreed by the United States against Cuba, through the Helms-Burton Law.

They stated: "We categorically reject the Helms-Burton Law for representing a violation of our country's sovereignty and for being opposed to the principles of international law. We will not feel threatened in carrying out our activities; we will continue promoting investments and trade, and we will continue working in Cuba."

Moreover, Chilean entrepreneurs who have businesses in Cuba have promised to report to Chilean and international organizations "the possible effects we might experience regarding the implementation of this law outside U.S. territory. We call upon the foreign entrepreneurial community residing in Cuba to make a joint statement against the Helms-Burton Law."

Thus, those who have signed the document have thanked the Chilean Government for its statement in favor of protecting Chilean businessmen with investments in the Caribbean island.

According to the Foreign Investments Committee, Chilean capital sent to Cuba between 1990 and March 1996 amounts to $30 million. Cuba is thus becoming the 13th most important market for Chilean businessmen who cross the border.

Another estimate by the Santiago Chamber of Commerce, however, shows that investments in Chile between 1990 and 1995 reached $61 million.

According to this survey, the country ruled by Fidel Castro has become the eighth market in terms of receipt of Chilean capital.

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Chile: 'Contradictory Course' of Trade With Cuba Examined

PY0406032496 Santiago EL MERCURIO in Spanish 31 May 96 p A3

[Editorial: "Trade With Cuba"]

[FBIS Translated Text] Since the very beginning of the communist regime, trade with Cuba has taken a contradictory course for countries of the West. In fact, since 1959, significant events have taken place concerning the international situation, events that have impacted on bilateral trade relations. Over the past few years, these relations have experienced an important change prompted by the U.S. Helms-Burton Law, which even restricted the possibility of third parties trading with the island.

The increasing U.S. restrictions against Cuba are explained by the downing of two anti-Castroist propaganda planes, which culminated in the death of their crew. Independently of that criminal episode, the Clinton administration has stated that it will not reduce its pressure on the Castroist distatorship in light of the increasing repression imposed on dissidents of the system, which has been verified by several international human rights organizations.

To the irascible personal persecution of those who disagree with Castro, even concerning modest measures, are added other greater problems — such as a type of slave labor, as it is called internationally — because foreign investors — Canadians, Mexicans, Spaniards, and even Chileans — hire, together with Havana, personnel who earn salaries much lower than those paid to workers in free countries.

Thus, for instance, recent statistics show that a Canadian mining company — the Sherritt Mining Co. — pays $9,500 annually to the Cuban state, which in turn pays $120 annually to its personnel. The rest goes to the Castroist treasury, which is dramatically in need of currency.

These circumstances cannot be ignored by certain Chilean investors who use a $20-million state credit line Chile maintains with the National Bank of Cuba, perhaps a marginal amount, but one that could become the opening for national companies to increase their economic operations in the island. These operations might be symbolic but significant, because from within a democratic system they are cooperating by extending a life preserver to an anachronistic communist dictatorship.

It is rather ironic that this benefit to Fidel Castro may include opportunities for one of the most repressive regimes still existing in the world to have paper available to keep printing press material that is essentially uninformative. This is, however, only one aspect of a broader ethical problem, but it would be appropriate to review the exemptions extended to the communist dictatorship.

Chile: Credit Line, Exports to Cuba Evaluated

PY0106014796 Santiago EL MERCURIO in Spanish 19 May 96 p B1

[Article by Laura Garzono]

[FBIS Translated Excerpt] Chilean relations with Cuba are always surrounded by bitterness and secrecy. Whenever government officials talk about what they are doing on the island they become nervous, while companies involved are afraid to report on their operations.

The reason behind this behavior is perhaps the "specter" of having links with one of the last communist regimes in the world, with a country that maintains a centralized economy and which is under a U.S. harsh blockade policy to pressure its democratization. [passage omitted]

In the midst of the Cuban economic crisis, when it was suffering the consecutive fall of the GDP and when, in 1994, it seemed all doors were closing on Fidel Castro's regime — despite timid economic measures like the legalization of the dollar — the Chilean Government threw a lifesaver to Cuba's weak economic system.

Amid intensive political-diplomatic negotiations — which included the payment of a $40-million Cuban debt to our Central Bank and the end of Cuban financial support to Chilean terrorist groups like the Manuel Rodriguez Front (FMR) — an announcement was made in January 1994 by which the Chilean State Bank granted a special credit to the Cuban National Bank.

The credit was originally granted in German marks for $10 million over 365 days at the LIBOR commercial interest rate plus 4.3 percent. The credit was practically a "humanitarian act" to facilitate Chilean exports to that market, mainly food and industrial components. This credit line became the basic element for Chilean business in Cuba.

Businessmen who operate with the credit said this instrument has been vital for operating in Cuba. They say that if this credit did not exist, business would have been very complex because the Cuban commercial system is a real "black box."

So far, the financial tool has worked successfully because the Cuban National Bank has religiously made every payment on time. This is why the credit has been renewed twice, and is the reason why Chilean State Bank President Marcos Colodro traveled to Havana.

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Felipe Perucci, chief of the International Business Department of the Chilean State Bank, said about 30 operations have been carried out during the two years of the credit. [passage omitted]

The original "humanitarian act" objective has changed over the years. Products being financed through the credit of the Chilean State Bank are no longer confined to food and industrial components. The list of products has increased since 1995.

The first shipment of newsprint to Cuba from this credit is expected to be made on 24 May. The shipper is Forestal and Papelera Concepcion S.A., which started its operations to Cuba late last year. This company sent products worth $500,000 to Peru, Bolivia, Argentina, and Ecuador in the first quarter of 1995. [passage omitted]

Details of the operations being channeled through the credit of the Chilean State Bank come under the zealous bank secrecy. Selling food to Cuba is one thing but the Chilean bank endorsement of the export of newsprint for one of the many companies of the Cuban public system is another because it can awaken more than bitterness in the U.S. Government, especially as our country seeks to join NAFTA, and should try to keep its relations as sweet as possible. [passage omitted]

Chile: Agricultural Reform Plan Guidelines Disclosed

PY0106014596 Santiago ESTRATEGIA in Spanish 30 May 96 p 20

[FBIS Translated Excerpts] The Agriculture Ministry's proposal to transform Chilean agriculture in order to meet the growing internationalization of the markets, is divided into six main objectives to be implemented throughout the next 15 years.

These objectives are to systematically increase the variety of high-quality products that require a lot of labor; increase the productivity of permanent crops that demand a large investment per cultivated hectare (fruit production, vine growing); develop high technology to create a "specialized agriculture;" increase the livestock productivity by growing pastures and storing fodder; cultivate up to 4.8 million hectares of exploitable forests; increase the irrigated areas, which is essential to increase productivity.

In Agriculture Minister Emiliano's opinion, the main axis of this strategy will be the development of markets; technological innovation; incentives to increase productivity and speed up the modernization of the productive apparatus; link the financial system with the agricultural sector; and improve the infrastructure and basic services in the rural sector.

According to Ortega, the Chilean agriculture of the future must be highly specialized and refined, with highly elaborate products to satisfy very specific demands of great value, such as cheese, wine, vegetable and fruit products, agro-industrial goods, forestry industry goods, and valuable timber.

In his opinion, the future scenario the agriculture will face will make it necessary to mechanize and expand the intensive productions of a high value added and great employment of labor, in addition to the expansion of fruit production, livestock, and forestry goods that may reach adequate levels of productivity and profit at a greater scale.

The relationship with Asian countries (especially Korea, China, and Japan that set the regional consumption trend) is a key issue of this alternative because the increase of the demand for intensive products is originated in those countries.

In market terms, the ministry proposes to consolidate and extend the export promotions fund with average annual amounts similar to those in 1995 and 1996; appoint agriculture attaches to China, Japan, Korea, Indonesia, Israel, South Africa, Brazil, Mexico, Canada, New Zealand, Australia, and Central America; and increase the financial resources, incentives granted through Indap [Agriculture and Livestock Development Institute] and franchises to encourage the development among the farmers of agro-industries, harvesting and sale centers, to allow for diversification, increasing the value added and strengthen the producers' negotiating capacity.

Moreover, the proposal suggests eliminating the import tax on components, machinery, equipment for the agricultural sector; strengthen the quarantine system by establishing 12 new border passes; eradicate and/or control plagues and diseases that hinder international trade and production.

Many of these proposals coincide with those made by various political parties and on which — it was learned — the National Council for the Development of the Agriculture and Livestock sectors is working. [passage omitted]

Colombia

Colombia: Envoy Discusses Possibility of U.S. Sanctions

PA0406041296 Mexico City NOTIMEX in Spanish 0122 GMT 4 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Jun (NOTIMEX) — Carlos Lleras de la Fuente, Colombian

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ambassador to the United States, said today he does not know if Washington is planning to adopt sanctions against the South American country if the Colombian Congress absolves President Ernesto Samper.

In a communique issued by the Foreign Ministry in Santa Fe de Bogota, the diplomat said that in talks he has held with U.S. officials he has not received any official response on the measure.

THE WASHINGTON POST published an article yesterday saying that the White House is studying the possibility of imposing economic sanctions on Colombia if the lower chamber absolves Samper in the trial against the president over the alleged use of drug money in his political campaign.

The Colombian president is accused of permitting the entrance of more than $6 million from the Cali cartel into the electoral organization that brought him to power in August 1994.

"The United States has expressed its extreme interest in the process being conducted in the Colombian Congress regarding Samper's investigation, but has also expressed its support and respect for the Constitution," Lleras said.

According to the U.S. newspaper, Washington is also considering the possibility of canceling the visas of some 30 officials if the Chamber of Representatives decides to shelve the process against the Colombian president because of a lack of evidence.

"The newspaper reports, which have linked the results of the investigation to possible U.S. economic sanctions, would contradict the respect for Colombian laws, which the U.S. Government has maintained up until now," Lleras said.

The full session of the Chamber of Representatives will decide before next Sunday if it will absolve the Colombian president or if it will accuse him before the Senate for his alleged involvement in the entrance of drug-trafficking money into his political campaign.

In the communique, the Colombian ambassador stated that "the support and respect for the Colombian Constitution continues to be the cornerstone in the relations between the two countries."

Colombia: Trade Minister on Possible U.S. Sanctions

PA0306155996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Jun 96

[Interview with Foreign Trade Minister Morris Harf by Caracol News Director Dario Arizmendi in Santa Fe de Bogota on 3 June; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Yesterday's edition of THE WASHINGTON POST reported that President Clinton and his government are studying possible commercial sanctions against Colombia, in the event that the Chamber of Representatives acquits President Ernesto Samper Pizano. Good morning, Mr. Foreign Trade Minister Dr. Morris Harf.

[Harf] Good morning, Dario.

[Arizmendi] What official information does the government have in this regard?

[Harf] The truth is the following: We must differentiate between two things. One thing is the political situation in Colombia and a different thing is the commercial and economic relations with the United States. Last week, I visited the United States, where we had the meeting of the Bilateral Trade and Commerce Commission with the United States. This commission had not met since 1993. At that meeting, we reviewed all points and issues that we have with the United States. The meeting was very positive and the U.S. Government expressed, through its trade representative, Ambassador Charlene Barshefsky, that the U.S. Government does not plan to apply economic sanctions against Colombia.

[Arizmendi] Can this be interpreted as the official U.S. position? To what do you attribute THE WASHINGTON POST publication, one of the most prestigious, responsible, and influential U.S. dailies?

[Harf] I believe that there is not unanimity between the different U.S. Government agencies and departments regarding relations with Colombia. The Department of Commerce, the Department of the Treasury, and the U.S. trade representative believe that commercial relations should proceed as they are, in good terms, because, in any case, it must be taken into consideration that Colombia is an excellent commercial partner of the United States.

On the other hand, the U.S. State Department maintains a different position in regard to Colombia. It is a political position.

[Arizmendi] In the event that the political position of the U.S. State Department prevails over that of other U.S. agencies, namely those responsible for economic and commercial relations, has the Colombian Government drafted a contingency plan to face these possible sanctions? These sanctions may include the elimination of the tariff preferences, a blockade of economic and financial transfers, the suspension of flights from Colombian air carriers to and from the United States, and also

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— although this is a different measure — the possible cancellation of visas to high-ranking officials, congressmen, and other Colombian public sector employees.

[Harf] In the first place, I believe that the political position of the State Department must not prevail over that of five or six U.S. departments. In the second place, I believe that the decision, and particularly the statement from the U.S. State Department last week, represents an undue interference in the internal affairs of Colombia. The decision of the Chamber of Representatives is the due process for handling the political case against the president of the Republic.

Now in the event economic sanctions are applied, Colombia has prepared for such a possibility. It has quantified the economic effect of the said sanctions.

[Arizmendi] What would the amount of damages be to the Colombian economy, particularly for exporters? And what would be the impact of sanctions on national production?

[Harf] Well, on the one hand, we must consider that the United States, should it impose economic sanctions, could not violate international and multilateral agreements of the World Trade Organization. Therefore, these sanctions would be limited to the unilateral preferences the United States has granted to Colombia, through the benefits to Andean countries who have waged a struggle against drug trafficking. This is what we call the ATPA [expansion unknown] preferences. This provision benefits some Colombian products exported to the United States, particularly flowers.

In the event that the unilateral preference is eliminated, it would reduce the value of exports by 7 percent, because this would be the additional tariff [sobre arancel] the United States would add to Colombian flower imports.

[Arizmendi] Mr. Minister, what does this 7 percent represent in millions of dollars?

[Harf] That may be approximately $35 million in one year.

[Arizmendi] You have said that basically the flowers industry would be the hardest hit. What other products may be affected?

[Harf] Yes, because 70 percent of the ATPA [expansion unknown] benefits are for flower exports to the United States.

[Arizmendi] What other products may be affected?

[Harf] Basically flowers because the value of other products as a percentage of exports is insignificant. Other products do not receive unilateral preferences granted by the United States.

[Arizmendi] Is it possible, from the legal viewpoint, that the United States may also impose a blockade on economic and financial cash transfers, thereby delaying the flow of information into the Colombian financial system?

[Harf] I am not an expert on the issue of electronic cash transfers. But this is also a multilateral agreement among the financial institutions of the world. I do not believe or think it is appropriate for the United States to unilaterally suspend electronic cash transfers to Colombian financial entities.

[Arizmendi] Is the suspension of flights by Colombian air carriers to and from the United States less likely?

[Harf] Regarding the area of aeronautics, I believe that the debate is different. American Airlines had a direct route from Santa Fe de Bogota to New York, in the United States, in exchange for Avianca's route. American Airlines abandoned this route and Continental Airlines a short time ago requested permission to operate on this route.

This is a discussion for the Department of Transportation. American Airlines felt its rights had been affected when this route was given to Continental and has sued the Colombian Aeronautics Department.

Consequently, I do not believe we must include a bilateral dispute over reciprocity in aeronautical matters in this discussion on commercial relations between Colombia and the United States over the decertification.

[Arizmendi] Mr. Minister, in case one or more sanctions are imposed on Colombia in the second half of 1996, how would they affect growth projections of the country, according to the government's published estimates?

[Harf] First, we do not believe the United States will impose commercial sanctions on Colombia. Second, economic sanctions cannot violate international treaties and, especially, multilateral treaties of the World Trade Organization. Third, in case sanctions are applied, they would only be applied on unilateral preferences the United States has granted to Colombia, as an Andean country.

Now we must take into account that the preferences the European Union, for example, offers to Colombia have a one to four multiplier. In other words, the preferences we receive from Europe are four times higher than the unilateral preferences we receive from the United States.

[Arizmendi] Thank you, Mr. Minister. This has been Foreign Trade Minister Morris Harf.

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Colombia: Conservative Leader on Possible U.S. 'Reprisals'

PA0306152396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Jun 96

[Telephone interview with Dr. Jaime Arias Ramirez, president of the National Conservative Directorate, by Dario Arizmendi and Edgar Artunduaga in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] What is the reaction of Dr. Jaime Arias Ramirez, president of the National Conservative Directorate, to possible economic sanctions and reprisals by the U.S. Government against Colombia, as predicted by THE WASHINGTON POST yesterday? Good morning, Dr. Arias.

[Arias] Good morning, Dario. We will insist that the United States refrain from doing this to Colombia. I think those sanctions could be extremely harsh in the political as well as the economic field. We view them with terror. We know that the United States has been preparing this and will gradually start to announce them, and this will exert an immense pressure on Colombia.

[Artunduaga] There are two options: Agree with the United States or rally behind the president of the Republic.

[Arias] No, we have been very clear in this regard, Edgar. We agree with the U.S. concern over the trial at the Chamber of Representatives and with developments with the Accusations Committee, but we reject U.S. meddling in Colombian internal affairs. We, however, would not rally behind President Samper except, for example, in the case of an armed confrontation. In that case, we would forget about our opposition position, and as Colombians, we would support decisions made in the military area. Otherwise, we do not rally behind the president.

Moreover, today I want you to know that we will have an official at the National Electoral Council, where the party will declare it will be on the opposition. This opposition does not, of course, extend to international and military issues.

[Arizmendi] You, as president of the National Conservative Directorate, believe the process against the president at the Chamber of Representatives has been honest so far?

[Arias] No, Dario, we have said for many months that a great opportunity was wasted. In the beginning, we said there was no other option than a process at the Congress. There have been, however, so many developments there; first, during the investigation at the Accusations Committee by Dr. Mogollon, and now at the Chamber, that now we have absolutely no doubt that this is a very slanted trial, that the law has been altered, and that a majority is simply imposed. We think this trial has lost any validity and legitimacy, and thus, the final result — which will, of course, be the shelving of the president's case — will lead us nearly nowhere [va a terminar casi en el vacio], and the critical situation will continue even if it might save Samper's skin in the penal sense.

Colombia: U.S. 'Intervention' in Samper Inquiry Viewed

PA0406035196 Medellin EL COLOMBIANO in Spanish 1 Jun 96 p 4A

[Article by Alberto Mesa Vallejo: "The United States' Interventionist Position"]

[FBIS Translated Text] Upon Dr. Ernesto Samper's becoming a presidential candidate, after his election, and over the past two years that he has served as head of state, we have seen the U.S. Government's obvious intervention, first through warnings about the problem that would emerge over his having knowingly received drug- trafficking money, then denying certification to Colombia, and finally, casting doubt on the impartiality of the judge appointed in accordance with the political constitution to establish whether President Samper's conduct merits an accusation at the Senate of the Republic, or the preclusion of this investigation.

There has been a unanimous reaction from the Colombian people with regard to the U.S. Government's direct intervention in the disqualification of the Chamber of Representative's Accusations Committee. Although I basically disagree with the manner in which Representative Mogollon has conducted this case, I view as improper the remarks by the U.S. State Department spokesman who wants to tell our authorities how they must conduct the trial against President Samper.

Unfortunately, we cannot forget that countries, although legally equal for historical reasons, are not so within the sphere of international policy. In this regard, the asymmetry of international political relations is quite obvious in two ways: On one hand it favors nations that are powerful in every sense, which exert obvious pressure on the other international players; and on the other hand, a lack of worldwide balance causes other nations to look on impassively while the sovereignty of weaker countries is violated.

We are aware of the United States' power to implement sanctions against a decertified country like Colombia, sanctions that could lead to the destruction of countless

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legal activities that are not connected to the drug-trafficking problem and the extradition of Colombian nationals.

At this time of crisis, we must all think with cool heads before being crushed by events and becoming unable to find acceptable solutions.

In the first place, President Samper must calmly study the situation, putting aside the advice of his defense attorney, who believes that the president is immaculate and has not committed even the slightest infraction; he must make a conscientious decision freely, far from populism and family interests.

Likewise, upon acting as independent prosecutors and based on the proof collected despite the irregular manner in which it was included in the files by "investigator" Mogollon, the House members must decide conscientiously and legally if there is merit to accuse President Samper at the Senate of the Republic, or whether the investigation should be ruled out.

We must forget about exploiting false nationalist sentiments against the United States and in favor of President Samper. All Colombians should help to find reasonable solutions to this crisis that involves and interests us all.

Regardless of how you look at it, in order to show natives and foreigners the impartiality of the House debates and the fulfillment of a true due process, there must be a cessation of all pressures and insinuations against the House representatives, who have been temporarily commissioned as the president's prosecutors, so that they can fully exercise the delicate duty bestowed upon them by our political constitution.

Colombia: Editorial on U.S. Criticism of Samper Trial

PA0306033896 Medellin EL COLOMBIANO in Spanish 30 May 96 p A5

[Editorial: "Obstacles, Pressures, and Television"]

[FBIS Translated Excerpt] [passage omitted]

We are witness to a special trial marked by the presence of a foreign power, which on its own and disregarding international law, appointed itself judge of Colombia's internal decisions and the prosecutor's spearhead. This is the only explanation for the haughty words of the State Department spokesman criticizing the Investigation and Accusations Commission's decision. However serious, the investigation of Samper and the other persons involved in the narco-corruption case is an internal affair of Colombia and must be solved internally. We have come of age as a Republic and are legally capable and sovereign to act on our own. This right of ours must be absolutely respected by every government, in particular the United States, whose president and wife have little moral authority to pass judgment because they are on trial in their own country, a trial in which their partners have been pronounced guilty of fraud and illegal association.

The increased pressure, intervention, and threats have contributed to weaken this trial. The delegates to the Chamber of Representatives observed this during the first session. The delegates are afraid of rigorously assuming their historic responsibility. Under the present circumstances, the vote cast to determine the merit of the summary — an act of supreme autonomy and legal wisdom in most trials — will now be the direct result of fear, the pressure groups' steamrolling, threats, and the demonstrators' shouting. In addition, there is the enormously aggravating situation that during the trial the representatives in one way or another invoked legal obstacles because politics is normally exercised with friends and against opponents. In addition, those who judge are politicians and the accused person is the president of the Republic, who was elected in a pitched battle that resulted in winners and losers.

Because of all these reasons, we can see a huge gap between constitutional theory and practice. It is one thing to make a commitment to preserve rights, in theory, and quite another to practice this theory in a trial against a civil president in office, who is arraigned and tried by his own equals. We are experiencing this live. The Congress is not the best administrator of justice. Politics and justice must tread different paths. It is not in vain that a modern state is based on the separation of government branches. A trial like this will probably not be repeated for many years. Yet, it is best to start thinking now about a constitutional reform to break this symbiosis and politicians can be left to do politics and magistrates to administer justice. Colombia needs it.

Colombia: Dignity Group Asks OAS Head To Condemn U.S.

PA0306232896 Medellin EL COLOMBIANO in Spanish 1 Jun 96 p 5A

[FBIS Translated Text] A new communique from the Movement for the Dignity of Colombia, which is holding Juan Carlos Gaviria Trujillo hostage, was sent to the "CM& Newscast" on 2 June.

In the communique the antisocial group asks OAS Secretary General Cesar Gaviria Trujillo to publicly condemn the U.S. Government's meddling in Colombia's internal affairs. The communique warns that if U.S. soldiers step on Colombian territory they will become mil-

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itary targets. It also states that extradition must not be revived

The communique was accompanied by a note from Juan Carlos Gaviria himself, in which he asks Yamid Amat [director of the "CM& Newscast"] to give broader coverage to the communiques issued by the group that is holding him hostage.

Colombia: Secret Vote on Samper Declared Unconstitutional

PA0406011096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 3 Jun 96

[Report by Reynel Beleno Quiros; from "The Latest News" newscast]

[FBIS Translated Text] The Constitutional Court has adopted the decision to eliminate the secret vote in the trial against President Ernesto Samper Pizano. We, of course, have reactions from the Chamber of Representatives, but let's start with the reactions at the Constitutional Court.

Justices Carlos Gaviria Diaz, Jose Gregorio Hernandez Galindo, Antonio Barrera Carbonel, Eduardo Cifuentes Munoz, Julio Cesar Ortiz, [words indistinct] secret vote at the Chamber of Representatives. As we have said before, Justice Jorge Arango Mejia cast the dissenting vote. Of what does the decision consist? The president of the Constitutional Court, Carlos Gaviria Diaz, explains it to us.

[Begin recording] [Justice Carlos Gaviria Diaz] Paragraph P of Article 131, which established the secret vote, was declared unconstitutional.

[Beleno] The reasons?

[Gaviria] The Constitutional Court believes that the administration of justice must be public, with certain exceptions. The court believes the administration of justice in congressional sessions is no exception and should be public. We also want to be consistent with the previous ruling, which had stipulated that when congressmen act or carry out judicial functions, they must be treated as judges.

[Beleno] The vote was eight to one. Who cast the dissenting vote? What was his reason?

[Gaviria] Justice Jorge Arango Mejia. He claimed that when Congress carries out judicial functions, it is also protected by Article 185 of the Constitution. [end recording]

That was Justice Carlos Gaviria Diaz, president of the Constitutional Court.

Colombia: Congressmen React to Secret Vote Ruling

PA0406012796 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 3 Jun 96

[Report by Gilberto Alvarado and Javier Contreras; from "The Latest News" newscast]

[FBIS Translated Text] How was the decision adopted by the Constitutional Court received at the Capitol?

We have a report by Gilberto Alvarado and Javier Contreras at the Capitol, specifically at the Ellipse of the National Capitol.

[Begin recording] [Contreras] Representative Ramon Elizalde, what do you think of the decision adopted by the Constitutional Court?

[Elizalde] The judges' ruling must be respected. I will obey the ruling of the Constitutional Court and we have to comply with it.

[Contreras] Consequently, if the votes will bear a name, what guarantees will you have that there will be no reprisals against you?

[Elizalde] I voted in favor of a public vote at the commission. I asked for a public vote just like the way judges vote, however, we were defeated at the full session. Now that the court has decided that the vote should be made public we believe it is a good decision.

[Contreras] Does the Liberal Party have a certain position or will it adopt a certain position? Since you are president of the central political commission of the Liberal Party will you get them to change their position?

[Elizalde] The position of the Liberal Party and of all those who respect the state of law is to obey the court's ruling.

[Contreras] We thank the president of the central political commission of the Liberal Party.

[Alvarado] Thank you, Javier. We are here at another section of Elliptic Room of the National Capitol. We have Senate President Julio Cesar Guerra Tulena. He is going to talk about the Constitutional Court's decision.

[Guerra] Congressmen will be able to vote on what they believe. You can see it and hear it right here on television. The entire country can see the position of each one of the congressmen through this Colombian television signal. If you are keeping score you will be able to know if they are voting in favor or against the president. That is what it is all about, therefore, the decision of the Constitutional Court does not change a thing.

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[Alvarado] How have you received this decision?

[Guerra] I have said it, and I am going to repeat it now, that to change the rules of the game a few hours before the verdict on the president is made known it not well received here. We have to respect the ruling, but we can disagree with it.

[Alvarado] What consequences could it have?

[Guerra] None whatsoever. On the contrary, it will reaffirm the congressmen's decision to enunciate their vote out loud.

[Alvarado] Does the court's decision leave you with a sour taste?

[Guerra] It would leave me with a more sour taste if it does not also include the faceless judges. If we cannot be anonymous here, the faceless judges should not be anonymous either.

[Alvarado] We thank Senate President Julio Cesar Guerra Tulena. The congressmen have spoken out regarding the decision of the Constitutional Court. Javier Contreras is now at another point of the Chamber of Representatives.

[Contreras] We have the president of the National Conservative Directorate, Jaime Arias Ramirez, who will talk about the Constitutional Court's decision to declare a public vote in President Ernesto Samper Pizano's trial.

[Arias] The Constitutional Court's ruling is logical. They have said that members of Congress are acting as judges and as judicial branch officials, therefore, their decision cannot be hidden behind a secret vote. Their vote must be public. This, however, cannot have an effect on the voting result. The president will be absolved here because there is a type of blood pact between the traditional political class and the president.

[Contreras] Dr. Jaime Arias, the fact that it will be a nominal vote, what importance does that have?

[Arias] It is a good thing, because it forces persons to adopt a more courageous decision, however, the pact between the president and the Congress is so great, is so strong that congressmen will not change their positions.

I believe that even with this decision, the president will obtain more than 100 votes in favor and some 30 against. The fate of the Congress and of the president is the same. Their cause is the same and that is why they are going to vote in that direction.

[Contreras] Dr. Jaime Arias, president of the National Conservative Directorate, thank you very much.

Colombia: Representative Wants Senate, Court To Try Samper

PA0406033596 Santa Fe de Bogota EL TIEMPO in Spanish 2 Jun 96

[Received via Internet]

[FBIS Translated Text] Conservative Representative Rodrigo Arcila, alternate investigator of President Samper, asked the Chamber of Representatives yesterday to take on a challenge: to break procedural standards and to allow the Senate and the Supreme Court of Justice to try the head of state.

In his second and last statement before the chamber that lasted only 17 minutes, Arcila said this would be a healthy decision for the sake of Congress' prestige and for democracy.

In a relaxed tone, the representative said he is certain that if Samper were able to demonstrate his innocence in these two bodies, the country would be fully convinced of the honesty of a case that has kept Colombians in suspense.

"I invoke the good judgment of all my companeros to help me approve this proposal," he said.

The "dissident" investigator accompanied his reflections with the reading of part of an interview with literature Nobel laureate Gabriel Garcia Marquez. He quoted Gabo as saying the country does not know who to believe at this point.

Arcila said he personally believes those who claim it is perfectly impossible for Samper not to have realized the addition of 5 billion pesos to his campaign from a suspicious sources.

Arcila expounded on his explanations on the scope of Article 441 of the Penal Procedural Code, which defines the main requisites for an accusation resolution. He said his two investigation colleagues (Heyne Mogollon and Eliecer Meneses) are wrong in claiming that full proof is required to accuse the president at the Senate.

In his opinion, it suffices to gather current evidence to allow the Senate, a body constitutionally empowered to do so, to determine any political responsibilities that might fall on Samper and to rule whether he is guilty of dishonorable behavior.

Mogollon refuted Arcila's arguments during an ensuing question and answer session. According to Mogollon, it is untrue that a piece of evidence can be considered valid only because it appears on the document containing the charges.

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Mogollon reaffirmed that evidence must first undergo a process of healthy criticism before it can be accepted.

After Mogollon's rebuttal, Arcila replied to 15 written questions. Most of them came from Liberal parliamentarians, including Hernando Zambrano, Antonio Jose Pinillos, and Miguel de la Espriella.

Doubts focused mainly on Arcila's admission that the testimonies include truths and lies. His colleague, Gonzalo Botero, asked Arcila why has he not given the president the benefit of the doubt if this was his opinion. Arcila said that the fact that certain witnesses, including Botero, changed their initial testimonies out of repentance is not enough to disqualify them for life.

Colombia: Businessmen Ask Samper To Resign 'Immediately'

PA0406032996 Paris AFP in Spanish 0131 GMT 4 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Jun (AFP) — Some 4,000 Colombian businessmen, who make up the "Movement for National Reconstruction," which has emerged as a civilian pressure group in the case of President Ernesto Samper, who is accused of financing his campaign with drug-trafficking money, asked him on Monday to resign "immediately."

Following a meeting of several hours in an exclusive hotel in downtown Santa Fe de Bogota, the businessmen published a document, in which they ask the president to leave his post immediately as the only solution to the political crisis that the country is facing as a result of the accusations against him.

In their document, the businessmen base their request for the president's resignation saying that "the president was able to reach his position because of drug-trafficking money, thereby seriously violating the ethical and legal norms that are in force in the country."

The movement's spokesman, well-known industrialist Hernan Echavarria, said: "We need to get Colombia, in one single voice, to ask for President Samper's resignation."

Moreover, businessman German Holguin, when commenting on the debates to decide President Samper's innocence or guilt, says he looks at them with "great sadness" because he said, among the congressmen, there is a generalized assumption that the president has to be absolved.

The Chamber of Representatives has been evaluating since Tuesday of last week the recommendations from the Accusations Committee, which stated that the president should be acquitted because there is no conclusive evidence involving him in the illegal financing of the campaign that took him to the presidency of the Republic in August 1994.

Colombia: Liberal Party Headquarters Attacked

PA0306162496 Madrid EFE in Spanish 1513 GMT 3 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Jun (EFE) — Today, Monday, a group of unidentified individuals attacked the headquarters of the pro-government Liberal Party of Colombia, located in Santa Fe de Bogota, and broke the windows, the police reported.

Early this morning, the unidentified individuals threw bricks and large stones at the building, located in the area of Teusaquillo, in the center of the Colombian capital.

The action, considered an "act of vandalism" by the staff who work at the Liberal Party headquarters, took place as the Colombian Congress continues the discussion of the open trial against President Ernesto Samper, with the speeches from the first parliamentarians of the nearly 100 who were asked to speak.

Colombia: Valdivieso on Samper's Attorney Attending Trial

PA0106150396 Santa Fe de Bogota EL ESPECTADOR in Spanish 29 May 96 pp 5A, 8A

[Report by Elizabeth Yarce from Medellin]

[FBIS Translated Text] Yesterday, Colombian Prosecutor General Alfonso Valdivieso restated that President Ernesto Samper's attorney cannot participate in the trial that the Chamber of Representatives is conducting against the president.

"Samper's attorney Luis Guillermo Nieto's participation obstructs the honesty of the Chamber's decision and, at the same time, is contrary to the law," Valdivieso said.

During a lecture to university students in the capital city of Antioquia Department, the prosecutor general said: "Neither my presence nor that of the president's attorney are relevant in a debate in which judicial decisions affecting ranking state officials are pending, especially if these are congressional decisions affecting the head of the public prosecutor's office."

He added that it is a procedure from which the Prosecutor General's Office has decided to refrain from taking part because, on one hand, the office has not been invited to the debates, and on the other, because the trial has no relation whatsoever with its duties." [quotation mark as published]

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The prosecutor general believes that "there is no sense in having Nieto Roa taking part."

Likewise, he was emphatic in pointing out that he does not intend to challenge the decisions adopted during the trial, which he claims provides Congress with the opportunity to vindicate itself (...) by adopting decisions that truly reflect what has been investigated and what really took place.

Valdivieso stressed that the need for "all of us to be convinced that this is a solid investigation (...) and, of course, that Congress will be able to boost its reputation."

Colombia: Valdivieso Views Proceedings Against Samper

PA0106233796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 1 Jun 96

[Interview with Prosecutor General Alfonso Valdivieso by unidentified reporter in Santa Fe de Bogota on 1 June; from the "The Midday Newscast" — live]

[FBIS Translated Text] [Reporter] It is 1221 [1721 GMT] and at this hour the discussion continues at the Chamber of Representatives on the evaluation of charges in the case opened by the Lower Chamber against the president. Speaking about this, we have invited Prosecutor General Dr. Alfonso Valdivieso to tell us if he will attend the Chamber of Representatives discussion, following the invitation made by 110 representatives, to explain his views on the case against the president. Mr. Prosecutor:

[Valdivieso] Well, I have said that my presence at the Chamber of Representatives building is meaningless and, in addition, it is inappropriate. I also believe that the sole presence and participation of the attorney of the president of the Republic can lead to the annulment of the proceedings.

I believe I will respond to that kind invitation once I receive it. But my presence, undoubtedly, goes against the scope and norms governing the process. At this time, the investigation has been closed, and we are in the evaluation period. It is an obligation of only those who are responsible for the evaluation to state their views. But the investigation cannot be reopened. This may be occurring, though, with the participation of the president's attorney, and I believe this is the great risk surrounding the process.

[Reporter] Dr. Valdivieso, on what grounds are you saying the process may be annulled if the president's attorney intervenes in this stage?

[Valdivieso] Well, the elements of judgment, documents, evidence, and, among other things, the very testimony of [words indistinct], which was presented in due time by the president's attorney, can only be received until the moment the investigation is closed, something that has already happened. When we have those elements in hand, we evaluate the charges. At this stage, therefore, the participation of the parties to the case is inappropriate, namely the participation of those who do so to incorporate elements of judgment and evidence. This would prompt the return of the case to the very Commission.

I believe this is a topic unrelated to the right to defense. The president has already had the right to defend himself. I believe there have been enough guarantees in this case. Simply, he should adhere to the provisions established in Law 5 of [words indistinct] and the Penal Procedures Code.

[Reporter] You may have participated in previous stages of this proceedings. Were you ever invited?

[Valdivieso] No, I was never invited. The Prosecutor General's Office, as an institution, was not commissioned to submit any evidence. As prosecutor general, I acted to fulfill my constitutional duty and I filed the suit. This lawsuit, of course, allowed the beginning of an investigation and the in-depth analysis of the events. Naturally, this process could lead to the establishment of responsibilities and, in this case, responsibilities could be found either proven or, at least in this stage of the trial, sufficient as to proceed with the case. Otherwise, they could dismiss the evidence.

I believe that, naturally, the nonparticipation of the Prosecutor General's Office in this investigation indicates we have no role to play, at this time, when the charges are being evaluated.

[Reporter] Finally, Mr. Prosecutor General, many sectors believe that the outcome at the Chamber of Representatives has been decided and the president of the Republic will be acquitted. What is your opinion about this?

[Valdivieso] I hope the events do not unfold as is expected. I believe that the discussion is important in the measure that the in-depth and exhaustive analysis of the evidence by lawmakers can produce a decision reflecting the contents of everything in the case file. I believe one of the problems existing in these processes is precisely the restriction established in the Constitutional Court's ruling. This restriction establishes that the Chamber of Representatives, by fulfilling judicial functions, should determine whether the case should be sent to the Supreme Court of Justice or not. I believe that the

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[words instinct] not be enough to prevent an investigation from being opened at the Supreme Court of Justice. [Words indistinct] absolutely sure that the decision corresponds to the evidence, the grounds for the suit, and, in general, the scope of the investigation.

If there are not enough elements, the importance of closing an investigation should be taken into consideration, especially when it has not been established if the accused is responsible. They must also take into account the importance of a recommendation to file charges, if they are convinced of the innocence of the accused. It may just be the case that he is innocent. This is precisely the fundamental factor to make the juridical-political function of the Chamber compatible with the function of crime investigation, attributable to the Supreme Court of Justice for persons who have constitutional immunity.

Colombia: Samper's Lawyer Views Valdivieso's Remarks

PA0106233896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 1 Jun 96

[Commentary by reporter Edgar Artunduaga, including interview with Luis Guillermo Nieto Roa, President Ernesto Samper's attorney, by reporter Fabio Callejas in the Congress; date not given; from the "Midday" newscast]

[FBIS Translated Text] [Artunduaga] In the context of Prosecutor General Alfonso Valdivieso's remarks, which we have just heard, we ask the following question: Will the investigation of President Ernesto Samper, which has been on going for five consecutive days at the Chamber of Representatives, be canceled if Samper's lawyer intervenes, or if the prosecutor general, who has said he will not come to the Chamber, intervenes?

In the Congress, we asked Samper's lawyer, Luis Guillermo Nieto Roa, whether the investigation can be canceled because of his sure participation later in the Chamber's plenum.

[Callejas] Nieto Roa has been very brief in his reaction to Valdivieso's remarks to the Caracol network today. Nieto Roa said: When the prosecutor general makes a statement, it should be in terms of a legal explanation, but there wasn't any.

[Begin recording] [Nieto Roa] I have always believed that, when the prosecutor general makes a statement, is should be in terms of an evident legal explanation. If there is no legal explanation, he should refrain from making statements. I am still waiting for such a legal explanation.

[Callejas] In other words, you do not agree with this position at all.

[Nieto Roa] Not at all.

[Callejas] Do you believe that there will be no more witnesses in the normal proceedings?

[Nieto Roa] If the Chamber wants, it can call more witnesses to testify, of course. [end recording]

And this is all that Nieto Roa said regarding Valdivieso's position today.

Colombia: Mogollon Discusses Testimony at Chamber Session

PA0206003196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 1 Jun 96

[Interview with Heyne Mogollon by various unidentified reporters in the Chamber of Representatives on 1 June; from "The Midday Newscast"]

[FBIS Translated Text] [Reporter] Dr. Heyne Mogollon, could you give us your assessment of today's events? We are live, Dr. Mogollon.

[Mogollon] Why don't we move outside a little.

[Reporter] Dr. Heyne Mogollon is asking reporters for some room. Could you give us your assessment of the full session, which has just ended, in which you answered over 100 questions?

[Mogollon] Well, I am satisfied because I believe I have explained exhaustively the contents, conclusions, and evidence of my resolution. I believe I have fulfilled my legal obligation. I want to explain to you and to the Colombian people that this is a proposal, and that only the a full session of the chamber will make a decision regarding the conduct of President Ernesto Samper.

[Reporter] Mr. Mogollon, I ask you, with all due respect, did you side-step some of the questions, as some members of the Conservative Party have suggested?

[Mogollon] Could you repeat the question?

[Reporter] With all due respect, a number of members of the Conservative Party that just came out of the full session said that you evaded the majority of the questions asked and that you dodged their questions.

[Mogollon] No, not in any way. One has to give specific answers to specific questions. I cannot take the place of the accused in any way. I believe that the majority of members of the chamber who listened to my answer, and to others issues that were thoroughly explained in the proposal, should be satisfied. Besides, I am not seeking to satisfy anyone. What I want for myself, and for justice, is to do my duty as required by the Constitution and the law.

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[Reporter] Dr. Mogollon, you received this note during Thursday's debate? Please, read it.

[Mogollon] I am very sorry, but if this is a document that tries to impute improper conduct, contravention, and lack of ethics, I would suggest that you file suit before the proper authorities to investigate something that I have not read.

[Reporter] Dr. Mogollon, does it seem right to you that the accuser sent similar notes to the president's judge?

[Mogollon] I do not know the contents of the note, therefore, I cannot give an opinion regarding it. If you were to formally send it to me in writing, or to any person that is interested regarding a note of that nature, of whose contents I am ignorant and cannot give an answer, I could make some comments, but to just improvise right here, I cannot comment on a note of whose contents I am ignorant.

[Reporter] Do you receive notes from Dr. Luis Guillermo Nieto Roa during the sessions?

[Mogollon] Not that I can recall.

[Reporter] Mr. Mogollon, Prosecutor General Alfonso Valdivieso Sarmiento said that if the president's defense lawyer intervenes in the session, or that if the prosecutor general were to intervene, the process would risk being annulled because the investigation stage has been closed, and this is an assessment stage. What consideration does the general prosecutor's position deserve?

[Mogollon] All positions are considered, above all by persons who have a great responsibility regarding justice administration, should be studied thoroughly and some decision should be made regarding these opinions. I am in complete agreement.

[Reporter] What is your opinion regarding the nullification of your decision in the Investigations and Accusations Committee because your proposal to cast a dissenting vote was not considered?

[Mogollon] I believe you are all aware of this, the president of the Chamber of Representatives named a commission to study the nullification. He will give a report and the Chamber of Representatives will make a decision.

[Reporter] Dr. Mogollon, what is your opinion regarding the position of some members of the party that the votes be signed, regardless of what the commission or the Constitutional Court decides?

[Mogollon] That is the personal position of the persons who think that way. However, it is established in the law that the vote is secret, and that would make it a public vote.

[Reporter] Dr. Mogollon, could additional evidence be presented now?

[Mogollon] No, the time to present evidence has been passed, but I can know that at any moment, before making any decision, if further evidence is presented, the [word indistinct] can consider it.

[Reporter] This has been Dr. Heyne Mogollon, investigating representative, who has not given reporters here at the Chamber of Representatives any real answers to their questions.

Colombia: Samper on Military's Efforts To Control Order

PA0106230096 Madrid EFE in Spanish 1953 GMT 31 May 96

[FBIS Translated Text] Santa Fe de Bogota, 31 May (EFE) — Colombian President Ernesto Samper today decried the military forces' "helplessness" to control public order due to legal restrictions and the surveillance of constitutional organizations that keep the Army "legally tied up."

Samper, who headed the ceremony marking the Army's anniversary in Santa Fe de Bogota, affirmed that "the comments certain opinion sectors have made in the last few days on what they called the Armed Forces' 'inefficiency'" to confront guerrilla attacks seem "unfair" to him.

"The Colombian military is not only experiencing physical helplessness due to the lack of transportation means; it is also experiencing legal helplessness as tons of charges against it have been filed in various contradictory legal institutions. [sentence as received] Many of these charges are groundless and keep the military virtually tied up," Samper pointed out.

The president added that the Army staff is being "inundated with papers" [empapelado] regarding lawsuits and charges of human rights violations in order to prevent it from "fighting in the mountains, defending the borders' sovereignty, or protecting our city streets."

The Colombian chief of state also talked about the controversy over reports on children under 18 being drafted. According to their relatives, they are reportedly being deployed to combat zones with the guerrillas. Samper added that, "contrary to certain subversive organizations that are even arming children under 15 and placing them in certain outposts as cannon fodder," the Army "is not jeopardizing the lives of these Colombians."

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Samper also announced that universities will be asked to reserve places for high school graduates who have been admitted and who were drafted.

"My government's ultimate objective regarding public forces is for them to exercise, as the Constitution dictates, the legitimate monopoly of force in Colombia."

President Samper asked the ceremony's attendants to observe a minute of silence "in honor of the 148 Army soldiers, officers, and noncommissioned officers who have died in combat so far in 1996 and who courageously gave their lives for Colombia."

Colombia: Samper Speech on Military Forces' Modernization

PA0306024996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 31 May 96

[Report by Gilbert Vega at the Jose Maria Cordoba Military School for Cadets in Santa Fe de Bogota; from "The Midday Newscast" — live]

[FBIS Translated Text] President Ernesto Samper Pizano is here on the anniversary of the Jose Maria Cordoba Military School for Cadets. He referred to issues that have been plaguing the country's military forces in recent days. First of all, he made announcements regarding the modernization of the state's security organizations.

[Begin Samper recording] In a matter of weeks we will define the purchase of a new helicopter squad for the Army. We will activate new mobile brigades, but, above all, we will adopt a reward and promotion system based on results so that seniority is not the only criterion for promotion. Other factors, such as valor, daring, and tenacity in the struggle, will also be taken into consideration. [end recording]

The president also spoke about the difficulties faced by the military given the legal ramifications for compliance with their constitutional duties.

[Begin Samper recording] Colombia's military not only suffers physical immobility due to lack of transportation, they also suffer juridical immobility, accused at different times of tons of charges — many of them groundless — and this has many virtually paralyzed. [end recording]

Referring to the issue of military service, President Ernesto Samper Pizano said that, regardless of their age, not one of the 50,000 young people currently being recruited for military service are destined for what could be called the front line in combat zones. He said that, no matter what, the government and the state will not send these young people, who are serving their homeland, to participate in the combat that various state security corps wage against the guerrilla groups.

Colombia: Army Commander Criticizes Justice System

PA0206193696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 28 May 96

[Report by Carlos Gomez Herrera]

[FBIS Translated Text] Army Commander General Harold Bedoya Pizarro has said that there is total impunity in judicial matters, because in recent years he has turned over more than 3,000 guerrilla members to the justice system and it appears that none of them has been tried.

Bedoya Pizarro also criticized the FARC's [Revolutionary Armed Forces of Colombia] attitude during its 32-year existence, saying that he did not understand how a country could tolerate a group of criminals who have been committing crimes for 32 years.

[Begin Bedoya recording] Committing crimes for a period of 32 years without punishment is a world record. I do not believe that any country would tolerate bandits, who, for 32 years, commit every conceived, and yet to be conceived, crime, including all the drug trafficking they conduct internally. What I ask of Colombian justice is that all of these criminals, whom we are periodically handing over to the justice system, this year more than 1,300 criminals, [words indistinct] so that they will not cause so much harm to the Colombian people. [end recording]

Commander Harold Bedoya Pizarro spoke at the conclusion of a war correspondent's course. He added that there are areas where public order is being controlled, especially in some areas where the FARC has recently committed violent acts.

Colombia: Unauthorized Meeting With FARC Held in Narino

PA0106035096 Santa Fe de Bogota EL TIEMPO in Spanish 31 May 96

[Received via Internet]

[FBIS Translated Text] Pasto — Seated at the same table, spokesmen for the Secretariat of the FARC [Revolutionary Armed Forces of Colombia] have asked representatives of the church, universities, and the government of Narino Department to act as its interlocutor to promote a national meeting for peace in Colombia.

This could be the first regional dialogue with subversives without authorization from the national government.

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This meeting, which was called by the subversives for last Tuesday in a rural school in the mountains of Cauca, was attended by a high-ranking official of the Pasto Mayoralty and an official from the Governor's Office in Narino.

A participant reported that delegates from the town council, assembly, church, universities, and feminist groups of Narino Department also attended this meeting.

According to this source, who requested anonymity, the FARC had announced that members of its hierarchy would attend in order to give more credibility to their proposal.

An armed confrontation near Mondomo, northern Cauca, reportedly prevented the top leaders of this subversive group from reaching the meeting site.

Despite this problem, the meeting took place, and during lunch the subversives insisted on the need for regional peace talks.

During this meeting, which lasted six hours, the guerrillas underscored that the FARC's 29th Front did not participate in the massacre of 32 military men in Puerres on 15 April. However, they did admit that abuses are committed within the armed struggle.

The FARC noted that the national meeting for peace must include the insurgency, which should receive full guarantees from the state. This meeting would seek to establish an agreement on democratic coexistence, social justice, and sovereignty.

The group added: "The final agreements must be subjected to a popular consultation free of corruption and manipulations, and based on this, a new government would be established to bring about Colombia's reconciliation and reconstruction.

The subversive group insisted that President Samper must resign.

Meanwhile, although Pasto Mayor Antonio Navarro Wolff and Narino Governor Eduardo Albornoz Jurado refused to comment on the meeting, their delegates assured that they had authorization from these two leaders.

Colombia: Samper Defends Plan for Interoceanic Canal

PA0306142896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2220 GMT 29 May 96

[FBIS Translated Text] Speaking before the Association of Engineers today, President Ernesto Samper vehemently defended the idea of building an interoceanic canal to link the Pacific and Atlantic oceans. He underlined the strategic advantage of such a canal for the world economy and said its construction by means of a concession would not entail budget disbursements. He then announced that next week he will install a commission that will study the feasibility of this project.

[Begin Samper recording] This is a unique chance to transform Colombia into a regional services and production center and make a considerable contribution to the world economy. This connecting canal or waterway would make it possible to establish large-scale assembly plants for products that today, in Asia, are exported as finished products. The canal would facilitate the transit of raw materials and food to and from the increasingly large Eastern markets. This canal would transform the economic activity in Uraba and the rest of the country, as the Panama Canal did for the entire southern region of Central America. This is a realistic proposal for our developmental needs.

Of course, the technical outline of this alternative should minimize its environmental impact. Because of this, the government will establish certain clear parameters for preserving both the ecosystem's and region's productive activities. The construction of this great work will also make it possible to take advantage of and preserve the biodiversity of the Darien Gap. Rather than acting behind other countries' backs, we will act straightforwardly. For this reason, on Monday of last week [words indistinct], we will back a new project to develop a great national park in Darien, which will consist of more than 1 million hectares in the combined territories of both countries. As we have proposed it, this project, which could be similar to a concession, not only does not entail a national budget allotment, but will make it possible for us to receive a considerable amount of money to meet the important needs for social investment and national infrastructure. [end recording]

Colombia: Botero, Medina Testimonies Compared

96SM0329A Santa Fe de Bogota SEMANA in Spanish 28 May 96

[Unattributed article: "The Case Against Ernesto Samper" — received via Internet]

[FBIS Translated Text] *The proceedings are beginning in Congress. SEMANA analyzes the truth and the lies told during the president's trial.*

Proceedings against the nation's president begin this week in the plenary session of the House of Representatives. At this point in time, the reason why Ernesto Samper has not fallen and has managed to survive politically is none other than the contradictions contained in the testimony of Santiago Medina and Fernando Botero.

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The former campaign treasurer surprised Colombia and the entire world last July with devastating testimony about inside financial dealings of the presidential elec-. tion in 1994. During the first week of April of that year, Medina had received a phone call from journalist Alberto Giraldo, who offered him substantial resources from the "people in Cali." Medina said he then met with Botero and passed the offer on to him. According to the former treasurer, the then general coordinator of the campaign flatly rejected the move, stating that it was absolutely out of the question and insane.

Medina testified that three weeks later, on 30 April of that same year, Botero urgently summoned him to his apartment at three o'clock in the afternoon and asked him about Giraldo's offer. He added that the campaign was practically broke. According to Medina's testimony, Botero made the following suggestion to him at that meeting: "Why don't we give the matter some thought, even though any decision on accepting Giraldo's offer would have to be discussed with Ernesto Samper."

Three days later, on Monday, 2 May, Medina and Botero got together once again, as stated in that same testimony: "He told me that he had already met with Samper, that he agreed we should do whatever we had to, but that he was not to be informed of anything," is how Medina reported what transpired at the meeting. However, Medina deemed that the matter was so delicate that it had to be discussed directly with the candidate. Going against Botero's orders, at three o'clock on that same day, he proceeded to seek out Ernesto Samper, who was on the 33d floor of the Royal Orchid Hotel [Hotel Orquidea Real] in downtown Bogota, headquarters of the campaign research center. "I had the opportunity to talk with Samper and told him that Botero had asked me to go to Cali and meet with Alberto Giraldo to pick up the funds. He was very nervous and told me he wanted nothing to do with it, that I should arrange whatever we thought suitable with Botero." From that inconclusive conversation, Medina understood that he had free rein to meet with the Rodriguez Orejuelas in Cali, having received express orders from Fernando Botero to do so.

Medina's testimony was viewed as hair-raising at the time, but it contained too many details to be a mere fantasy. The big question was what happened during the 21 days from the time that Fernando Botero had categorically rejected the offer of the money at the beginning of April and the end of the month, when he told Medina the decision had been made to accept it. This was the big hole in the story as a whole. On 22 January, when Botero decided to switch sides and cooperate with the Prosecutor General's Office, many thought the matter would be cleared up once and for all. The former defense minister had but to corroborate Medina's version and the issue would finally be settled.

Such was not to be the case, however. Botero's confession was troubling. He declared that "the president did indeed know and was deeply involved in the receipt of the drug money." However, just as he was absolutely certain of these facts, he had had absolutely no personal involvement in them. "Many circumstances that I experienced personally allow me to make this statement." In other words, the former minister's knowledge was based on his deductions from circumstantial elements rather than from any direct participation in them.

Nor were the circumstantial elements alleged by Botero very conclusive. His central argument was that the campaign had exhausted its funds by the end of the first phase, at which time Samper was confronted with pressure from two sides: on the one hand, from Fernando Botero to earmark the resources for an image campaign based on massive publicity; and on the other, from Horacio Serpa, the campaign's debate chief, who Botero claims wanted to "grease the machinery" by giving money in cash to the regional bosses. According to the former minister's testimony, "when Ernesto Samper made the fundamental decision to wage the two campaigns simultaneously, he opened the floodgates to the 'irregular' financing of his campaign."

This is the basic argument of Botero's confession. It consists in associating the "greasing" of the machinery with drug money, a leap not automatically made by everyone. He did not admit to a single conversation with Ernesto Samper on the subject of drug trafficking and in addition, categorically denied sending Santiago Medina to Cali to ask for the 5 billion pesos. However, he did point out that this was Medina's only lie and, for the most part, says his testimony was true.

If Botero was trying to bring Samper down with his confession, it was not strong enough to do so. With respect to the central point of who injected the money into the campaign and how, he gave the impression that either he did not have conclusive proof or was unwilling to tell all that he knew.

Two Inadequate Versions

Because Fernando Botero's testimony did not jibe with that given by Santiago Medina, President Ernesto Samper was saved. If all the evidence against him amounted to just two sets of testimony, then they at least had to agree with one another. Nevertheless, the confession of the former minister of defense gave the so-called Trial 8,000 its final twist. As long as Medina was the only witness, the government and many Colombians could go on claiming that using money from drug

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trafficking to finance the campaign had been a plot by the Cali cartel, planned without the knowledge of top campaign officials. However, after Botero made his confession, it was impossible to sustain such an interpretation because the latter was far closer to Samper than to Medina and had never been associated with drug trafficking in any way. What motive could he then have had for denouncing his friend and chief? Santiago Medina could have been an agent for the Cali cartel, but not Fernando Botero.

From then on, one thing was certain: While it was not clear precisely how the Cali cartel's money got into the campaign, it was a fact that the drug money had found its way in. Medina was the material author, but not the brains behind it. According to his testimony and based on that supplied by Botero, there could only be two intellectual authors of the drug financing: Ernesto Samper Pizano and/or Fernando Botero Zea.

A financial pact between the Liberal candidate and the Cali cartel was too serious a matter for there to be any accomplices. It is scarcely likely that a decision of this nature could be collective. As former President Cesar Gaviria said on the subject in an interview granted to the newspaper EL TIEMPO in September: "It is not simply a matter of two minor capos secretly trying to slip a few checks into the books by the back door. What we are talking about here is whether there was a deliberate attempt to obtain financing for the campaign using the resources of the chieftains of the biggest criminal organization in Colombia."

Given this situation, in which only two persons could possibly be responsible, each one had to give his version. Their substance was predictable: Each one would blame the other. Samper thinks that if money from drug trafficking entered his campaign, it was Fernando Botero's responsibility. Facing the imminent defeat being predicted by the polls at the time, the latter supposedly panicked, the president's attorney claims. All the "fallout" from the defeat would rain down on him because he was the general campaign manager. It would be the end of Botero's political career and a historic failure, marking the first time in the century when a united Liberal Party lost an election. According to the president's defenders, confronted with this possibility, Botero decided to accept the funds from the Cali cartel and issued the order to the then campaign treasurer to go collect them. Palace sources say he dared not consult the candidate because he was certain they would be refused. Thus it was that the money got in, so much money, in fact, the official version adds, that when it was but halfway there, a decision was made to steal some, just as Medina did. This means that the enormous sums delivered by the Cali cartel never did make it into the campaign coffers!

Botero's version is quite different. For him, Samper was a person who had maintained a friendly relationship with the Rodriguez Orejuela brothers for over 10 years. He did not know this when he agreed to be the campaign manager. As a result of the friendship, when it became apparent that the Liberals would lose the election, the Rodriguez sent emissaries from Congress to offer the candidate the money. Then one day, Samper finally decided to accept the offer. According to Botero, Horacio Serpa and he rapidly realized that strange things were afoot, but decided to look the other way. Days later, Rodrigo Pardo, Juan Manuel Turbay and the rest of the campaign officials would follow suit. Botero deems it the biggest mistake of his life to have pretended to see nothing. He says his duty was to resign as soon as he realized it. Just as he claims to bear no responsibility for the drug money financing, he admits "cooking the books" in order to be able to violate campaign spending limits and participating in coverup meetings after the money was given and for several months following his own arrest.

Neither version is totally convincing. Samper's depiction of a Botero driven mad by ambition and not daring to consult him has two flaws: First of all, it would scarcely be logical for persons contributing $6 million to a campaign to do so without making sure that the beneficiary would be informed of it. The purpose of the financing from the Rodriguez brothers was to gain political leverage in terms of their surrender to justice. Any decisions helpful to them would be made by the president, not the minister of defense. If any person in Colombia contributing 10 million pesos to a campaign requires having lunch with the candidate, it seems scarcely likely that Gilberto Rodriguez, known as "the chess player" because of his shrewdness, would entrust 5 billion pesos to middlemen regarding the most important decision of his life.

Likewise, it would not seem very reasonable for Fernando Botero to get Ernesto Samper elected president unbeknownst to him, particularly when one takes into account the fact that in order to get his boss elected to the Casa de Narino, he committed criminal acts that could cost him over 10 years in prison. This would mean there was a conspiracy to elevate Samper to Bolivar's throne without the candidate having anything to do with it!

Nor is it easy to swallow whole Botero's tale about the naive technocrat dealing with sharks. The former minister of defense was a phenomenally efficient manager during the campaign. Nothing was done without his au-

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thorization. To claim that $6 million could be injected into that centralized campaign without his knowledge is an absurdity. It would have been easier for Ernesto Samper to fail to spot the elephant than for the general campaign manager not to!

Cassette Tape

Most Colombians—between 55 and 60 percent, according to the Gallup Colombia polls published by SEMANA over the past three months—have come to the conclusion that both Ernesto Samper and Fernando Botero had to know how the money came in. There can be no doubt about this and there may be no "smoking gun." There are many clues of substantial probative value, but they are not definitive. Only Medina overwhelmingly accuses the president. Botero does not even admit talking to him about the subject. Except for this, there is no evidence, no proof of direct participation by the chief executive. Botero is accused only by Medina and the president's legal counsel. Criminally speaking, there is no irrefutable proof based on which one could accuse either of the two of being behind the receipt of money from the Cali cartel.

Aside from common sense, the only concrete evidence against the president is the existence of a cassette tape, one of the notorious drug conversations that were at the root of this entire scandal. Although it was initially claimed that the drug cassettes were a setup, it is now certain that they are authentic. They are recordings of spontaneous conversations between Alberto Giraldo and the Rodriguez Orejuela brothers before the telephone-tapping syndrome hit Colombia.

In a conversation which the journalist had with Miguel Rodriguez, he told him there had just been a meeting between "Eduardo," the "Numero Uno", and the man who would be the "Numero Uno of the Greens." These three persons agreed that they would "reach certain agreements with the Cali cartel. The conclusion of that meeting, according to what "Eduardo" told Giraldo, was that "he gave me carte blanche to negotiate."

That cassette was not entered into the record because all the drug tapes were excluded as evidence by the Prosecutor General's Office as well as the Attorney General's Office, based on the argument that they had been illegally recorded. Nearly two years after the revelation of the drug tapes, no longer does anyone debate who the protagonists are. Everyone believes that "Eduardo" is former Senator Eduardo Mestre, "Numero Uno" is Ernesto Samper and the "Numero Uno of the Greens" is Fernando Botero.

In itself, the content of that conversation sounds scandalous, but such is not necessarily the case. No reference is made to the money. There is talk about negotiating the Rodriguez Orejuela brothers' surrender to justice. Even if it does look bad, this is how the surrender of traffickers is handled in Colombia. No criminal act emerges from the dialogue. What one does see is merely a bit of pragmatism in the search for a solution desired by both sides: the peaceful surrender of the Rodriguez.

Immediately thereafter, a sentence appears on the tape that could be far more compromising. Alberto Giraldo says, "But look: The Numero Uno met with Eduardo and told him, 'Do whatever, as long as I don't know about it, but do whatever." [quotation marks as published] This conversation seems to refer to a meeting between Samper and Mestre that reportedly took place soon after the meeting with Fernando Botero. Based on the general context of the conversation and of the other tapes, the phrase "Do whatever (...), as long as I don't know about it" has been interpreted as a reference to the acceptance of the money. Throughout the Trial 8,000, except for the testimony of Santiago Medina, this is said to be the only reference that exists directly linking the president to the monies of the Cali cartel. Miguel Rodriguez Orejuela did not like the story that Samper did not want to know, as a result of which, as soon as Giraldo informed him, he protested that attitude.

The previous tape reveals one aspect of the scandal that is fundamental to an understanding of the Trial 8,000. The Rodriguez brothers looked for two ways to advance the same proposal. At the same time that they were contacting Botero through the Giraldo-Medina tandem, they simultaneously went after Samper through Eduardo Mestre. This double strategy is concretely confirmed in another tape of the following conversation between Miguel Rodriguez Orejuela and Alberto Giraldo.

Giraldo: "Well, I'm going to see Eduardo about that tomorrow."

Miguel Rodriguez: "Come here and talk and we'll tell (Eduardo) how things are."

Giraldo: "But Medina is calling me too."

Miguel Rodriguez: "We have already talked with Medina, my son, so relax. We can do both things at the same time."

As clear as the nose on one's face! Since these two parallel contacts are a known fact, they allowed both Ernesto Samper and Fernando Botero to deny his own and report only the other. Trial 8,000 has other important aspects, such as the violation of campaign ceilings and concealment, which are already public knowledge. Nevertheless, the crux of the matter is who authorized the receipt of the money and how. The only persons who know what happened between

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Samper and Botro with respect to the "hot money" during the campaign are the latter two. Because of everything that is at stake, they have not revealed it and certainly never will. Unless the Rodriguez Orejuela brothers eventually talk, Colombians will never have any definitive confirmation of what has been the scandal of the century.

Colombia: 'Error' Seen in Samper's Defense Strategy

96SM0334A Santa Fe de Bogota SEMANA in Spanish 28 May 96 pp 38-39

[FBIS Translated Text] Samper has defended himself like a lion during this entire process. Nevertheless, he committed a serious blunder.

One of the currently popular topics in Colombia is the recognition of the president's political skill. Even his fiercest detractors see an enormous political talent in their adversary. Surviving the revelation of the "narco-cassettes," Medina's confession, Botero's confession, the decertification by the United States, the cassette, and the subsequent murder of the "charming blonde" is a feat that no one was counting on.

During his defense, the president has deployed an arsenal of weapons that he is alternating at will, and that were not visible for him during his campaign. For example, when he was a candidate, he was dreadful on television. Now, he has become the best communicator on the small screen that has been seen in years. Mentally, Samper is as sharp as a razor for answering point-blank questions. He contrives phrases with an impact that few others can achieve. His personal charisma does not emerge only in public, but also in private, where his gifts as a charmer fascinate friends and neutralize foes.

When cornered, he resorts to a crafty cynicism that becomes his best shield. And when that cynicism is insufficient, he makes use of another ploy that he has up his sleeve: populism. Whenever his enemies extract the fangs of his economic power and his news media, he pulls his multitudes out of his hat: hordes of Samperists convinced that the president is a good man who wants to help the poor and whom the rich, therefore, want to overthrow.

Nor is he at a loss when it is a matter of manipulating the treasury and the bureaucracy to buy sympathizers. But despite this impressive repertory, perhaps the weapon that has served him best during his two years of government is his capacity to act dumb. Samper has a selective memory, and never remembers what is not in his interest. All this, combined with his indisputable intelligence, has resulted in Ernesto Samper's making very few errors during the torment that he has experienced.

This is why our attention is called to one that he made on Sunday, 18 February of this year, when he authorized the publication of a document in which he gave his version of what happened during the campaign. In that document, he decided to refute the only concrete accusation existing against him in all the testimony from case 8000. It involved the incident described by Santiago Medina concerning a meeting held on 2 May 1994 on the 33rd floor of the Hotel Orquidea Real. On that occasion, the ex-treasurer, before leaving for Cali to solicit funds from the cartel, decided to consult the candidate, to make sure that he had the latter's blessing. Medina's version was the following: "I had the opportunity to speak with Doctor Samper and inform him that Doctor Botero had asked me to go to Cali with Alberto Giraldo, to attend a meeting for the purpose of obtaining those funds. Very nervously, he told me that he wanted to remain dissociated from that, and that I should coordinate with Fernando Botero whatever we considered appropriate."

With that testimony, despite his evasiveness, Samper was left in some way implicated in the trip to Cali. Apart from that statement, no one has claimed to have discussed the hot money with the then candidate. To rid himself of that accusation, the president decided to authorize an official version given by the presidential palace of the events: "On one of the first days of May, Medina approached the candidate at headquarters to inform him that, on the following day, he would be going to Cali to attend a breakfast with "a few Cali friends," in order to pick up "some good money." Shocked and annoyed, Samper summoned Medina to his office, and clearly informed the treasurer that he was repeating his instructions to him, and was opposed to any contact of this type. Medina's response to this was that he had already scheduled and confirmed the breakfast. The candidate angrily told him: "Then cancel it."

With the authorization for publishing that story, Ernesto Samper, the man who had made no mistakes in his defense, made a very grave blunder. His interpretation of the facts ended up being more serious than that of Medina himself, who had merely depicted him as a person confused on the subject. In the presidential palace document, it is confirmed that the then candidate was explicitly informed by Santiago Medina concerning the meeting with the Rodriguez brothers.

The acknowledgment of this leaves him in a blind alley. The first question is why he did not summarily dismiss a treasurer who had made such a grave proposal to

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him. The second is why he did not report this to his own ethical overseer, or to the Prosecutor General's Office when the "narco-cassettes" appeared, thereby confirming that his treasurer had acted against his instructions. The third is why, a year later, he was still denying that this money could have entered the campaign. And the fourth is why the president and half of his cabinet spent months debating the advisability of giving an embassy to a person who had proposed a crime to the candidate, and had carried it out against the latter's will.

As if this were not enough, the president was questioned on this matter during Heine Mogollon's extended interrogation. His response concerning Medina's story was the following: "Because at no time did Mr. Medina inform me, on that or any other occasion, that he would be carrying out the plans that were ultimately revealed through his own statements, and through the even more recent facts that have been learned by this commission. If I had received any information on Medina's intentions regarding the irregular funds or those coming from the drug traffic, I would surely have reported it not only to the ethical overseer, but also to the penal authorities themselves."

The president's statement during his interrogation flagrantly contradicts the document prepared by the presidential palace on that same point. This leaves three versions of the same event: that of Medina, on the candidate uncomfortable about the proposal; that of the presidential palace, on the indignant candidate who forbade the trip; and that from the interrogation, the version of the candidate, to whom the subject was never broached, because if it had been, he would have reported it.

The president would have fared much better if he had simply acknowledged Medina's story, but disagreed with the interpretation made of it. This is the only big error committed by Ernesto Samper in two years. However, it is not an insignificant error, if one considers the fact that it is related to the most heated issue in the entire case 8000: whether or not the president knew about the entry of money from the Cali cartel into his campaign.

Colombia: Spending Commission Makes Recommendations

96SM0330C Santa Fe de Bogota EL TIEMPO in Spanish 30 May 96

[Received via Internet]

[FBIS Translated Text] The Commission on Public Spending (CGP) has once again hit a raw nerve: there must be a curb on the spending for the Armed Forces, the justice system, and social security.

According to that agency, these sectors, combined with the transfers, are the ones mainly responsible for the difficult state of public finances.

One of its recommendations indicated the need for more efficient handling of the funds allocated for the Military Forces. The commission's chairman, Gabriel Rosas Vega, claimed that it is time to appoint "a manager for war." He noted that, during recent years, the salaries and manpower have increased, and yet the country is still embroiled in a critical state of insecurity and violence.

Whereas in Colombia funds totaling nearly 3.0 percent of the gross domestic product (GDP) are allocated for the Armed Forces, in Latin America the average earmarked for security is 2.3 percent.

In the case of the justice system, the situation is no better. The chairman gave a reminder that the impunity rate in the country is 96 percent, thereby proving that justice is virtually non-existent. One example of this is the fact that, during the past few years, nearly 6,000 guerrilla fighters have been captured, of which number 5,500 are still on the streets.

Another sign of inefficiency in the justice system is the fact that the courts currently have 4 million case records, a million of which have been virtually shelved. Rosas remarked: "It is as if every Colombian over age 18 had a case record."

Social Counter-Reform

Another issue that troubles the Commission on Spending is the social security reform. In this connection, its spokesman indicated that adjustments must be made, because the country was not sincere in preparing the law. Advantages were granted to one sector, and the Military Forces, Ecopetrol [Colombian Petroleum Enterprise], and the justice sector were not included.

The situation is so serious that some of the commission's calculations indicate that "the entire pension debt, at 1995 prices, amounts to 80 percent of the total production of goods and services."

Hence, the proposal is aimed at putting the Social Security Institute (ISS) and the private sector on an equal footing, equating the years of retirement and reducing the transition time.

Antonio Urdinola, a member of the commission, went even further, stating that he did not consider the minimum pension of between 65 and 85 percent offered by the government possible to finance. He pointed out that the commission favors keeping the minimum pension between 50 percent and a maximum of 65

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percent, adding that this rate should apply to the lifetime salaries in the Military Forces as well.

The government, for its part, announced its willingness to study each of the commission's proposals. In this connection, the finance minister, Jose Antonio Ocampo, expressed his approval for making amendments to the social security law, in order to equalize the conditions in the two systems, public and private, and for including other sectors not currently covered by Law 100.

Nevertheless, he noted that the exception should be maintained in the military system.

Ecuador

Ecuador: Alarcon Accuses Peru of Airspace Violations

PY0306154396 Madrid EFE in Spanish 0229 GMT 1 Jun 96

[FBIS Translated Excerpt] Quito, 31 May (EFE) — Ecuadoran Defense Minister Alfonso Alarcon denounced today that the Peruvian Air Force violated Ecuadoran airspace in its Amazon border twice this month.

Alarcon said that the first violation was made "by a Peruvian helicopter" on "13 May around 1740 (2240 GMT) in the Soldado Monge region, Laguna post, which is located in the Amazon region where the two countries waged a war early in 1995.

He said that the other airspace violation occurred "on 21 May at 1330 (1830 GMT) in El Oro Province," in the coastal region outside the conflict zone, by "three Peruvian helicopters, which if I am not mistaken are the Lama type, with round Peruvian flags and the distinct colors of the Peruvian Air Force."

Alarcon added that "the procedure is to give this information to officials of the Ecuador-Peru Military Observers Mission (MOMEP), which has the responsibility of watching over the peace agreement in the border region.

"I believe these incidents should in no way affect the good will of the two countries," said Alarcon, who pointed out the importance of the meeting to be held in Buenos Aires on 18 and 19 June by Ecuadoran Foreign Minister Galo Leoro and his Peruvian counterpart Francisco Tudela. [passage omitted]

Ecuador: Nebot, Bucaram on Political, Border Policies

96SM0323A Quito EL COMERCIO in Spanish 27 May 96

[Unattributed article: "Border Dialog Will Continue" — received via Internet]

[FBIS Translated Text] The two candidates who are finalists—Jaime Nebot of the PSC [Social Christian Party] and Abdala Bucaram of the PRE [Ecuadoran Roldosist Party]—visited our offices on different days. They presented their positions on the issues of the campaign.

Their positions coincide on one point: the border question is viewed as a sensitive issue, but the negotiations with Peru cannot and should not be halted. In this context, they indicate that a fair and definitive solution should be found that will benefit both peoples.

For Nebot, the question is clearcut: as soon as the definitive answer is found, it will be submitted to a referendum.

Bucaram, for his part, approves of the actions that the present government has taken in this regard.

In their second-round election campaigns, the two candidates have different strategies for winning the votes of those groups that did not vote for them in the first round.

Nebot says he is willing to take part in a political debate. Bucaram does not rule out the possibility of a debate, but wants to think it over first.

Nebot will also encourage the nation to study carefully the two alternatives and the two styles from which it must choose in the second round. Bucaram promises a clean and fair campaign and will personally strive for reconciliation.

I. Nebot: A Settlement With Peru Followed by a Referendum

The Social Christians and their leader Jaime Nebot will endeavor to draw nearer to the various political sectors in an effort to obtain their support and broaden their base of governability. His strategy is not to attack Bucaram but to reveal him for what he is. Nebot considers himself a leader capable of making his own decisions. He describes the border question as sensitive but believes there is ample room for negotiation with our southern neighbor.

The finalist Jaime Nebot was open to "all questions, without any reservations" and for three hours maintained

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an active exchange of questions and answers with the journalists who were present.

Nebot was accompanied by only a few persons, including his running mate for vice president Diego Cordovez; his press aide Cinthya Viteri; and the Social Christian leader and national deputy Heinz Moeller.

The "informal" meeting with the candidate—who according to returns that are still unofficial received the most votes in the first round—took place last Thursday at the offices of this newspaper in the southern part of the city.

As he had offered to do, Nebot answered all the questions addressed to him on a great diversity of issues.

In response to one of the questions, vice presidential candidate Diego Cordovez stated his concept of the duties of the second highest office in the nation.

Nebot not only answered the questions from his audience, but all during his visit to this newspaper addressed other concerns, emphasizing that this has been his practice throughout the campaign.

The Cabinet? Not Yet

At the proper time, Nebot said, I shall identify many of those persons whom Diego Cordovez and I believe should join us in the government. I shall not do so now, because our country unfortunately does not have the political culture to enable it to receive this kind of information at an inopportune time. I do not believe anyone we might name could withstand the kind of attack he or she would receive from our adversaries who would criticize us, or from those of our supporters who would complain that they had not been considered for a cabinet appointment. The PSC will have its opportunity and the independents as well, and those of our adversaries who wish to collaborate with us without destroying our program will also be welcome. I regret that some members of my party do not like to hear this, but I do not believe our country can move forward if it fails to utilize the talents of valuable Ecuadorans. The important thing is that civilian society be represented in the government and that we not have government without representation.

I Have My Own Style

I am about to turn 50 and at that age will probably be an old dog or an old lion. Some day we should sort things out and see them in context.

Leon Febres Cordero is my friend. He is someone whom I respect: someone who has virtues and defects. In my opinion, the virtues predominate.

I was governor of Guayas Province, and nobody accused me of disrespecting human rights, torturing anyone, or causing anyone to disappear.

I am willing to continue to respond to all criticism or comment made concerning me personally. I believe I should no longer respond to anything of which I have no certain knowledge or that cannot be attributed to me.

I am going to be president of the Republic. I shall govern in compliance with the law, and no one will ever get me to say anything that is unfair to Febres Cordero.

I have shown that I have my own personality. Both of us respect each other (Febres Cordero and Nebot). I am able to make my own decisions.

"Yes" to Decentralization

I believe in economic, administrative, financial, legal, and political decentralization, but it must be kept within certain parameters. I do not believe in federalism or autonomy. The provinces must send in their revenues, which will be credited to the part that is refunded, by means of a system yet to be defined. We have proposed a provincial compensation fund.

Pichincha and Quito will join this system, because they too are adversely affected by the centralism that exists in the national government.

Decentralization will involve unsatisfied needs, a provincial compensation fund, the ability to generate financial resources, projects to be presented, and the qualification of sectional organs of government.

Deconcentration is also important, for it relates to the ability of the provinces to carry on the work of governnment. This will require the presence of the government delegations in the provinces.

Planned Management

A planned economy is one thing, and planning the administration of the government is quite another.

The government must indeed be planned, and Conade [National Development Corporation] was created for that purpose. Conade is an organization that is feared only when two presidents are involved. It is presided over by the vice president—who is a member of the same government—and is composed of the members of the president's cabinet.

The vice president should—and will—have other duties, but it is important to continue the planning of the government.

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Labor Unionism, Yes; But...

We have respected labor unionism. The right of association is consubstantial with being human.

I do not approve of excesses. Here, work stoppages are arbitrary and should not be permitted. An entire process is available before anyone needs to resort to them, but it is not being complied with.

Labor's demands must be dealt with in timely fashion and with justice, in order to avoid these problems. Nor is it right for teachers and doctors not to be paid their salaries.

No one can ban the existence of the labor unions. The PSC has proposed that there be only one interlocutor in labor matters.

The real problem is the abuses and excesses of the public service unions and the supineness of the government in allowing society to suffer the abuse of not being able to receive services.

I believe that strikes in the public service sector are justified if they are intended to enforce compliance with an official ruling, but they cannot be an instrument for exercising pressure to obtain official rulings or benefits that are contrary to the public interest.

Health Care as Backbone

The proposal for a vertebrated health-care program [salud vertebrada] is contained in our platform but in the context of the new role of the state, because the policy of vertebration of the public health services is not a public health policy but a policy that pertains to all government services.

The state cannot limit health care to four percent of its budget. What we desire is the modern health-care policy that is oriented toward having fewer sick people, and this necessitates potable water, sewage systems, a basic infrastructure, and supplementary nutrition.

The health restoration aspect of this policy consists of two parts: strengthened hospital facilities, and lower prices for medicines, to be determined by the free market in order to allow for competition between the proprietary and generic versions of a given medicine.

Physicians in the public sector should prescribe generic medicines so that the poor can have access to them.

Congress and Consensus

We live in a democracy, and that calls for an opposition. This does not mean that a majority should not be sought at the negotiating table.

To get what one wants, one should attempt to obtain a legitimate majority in Congress without having recourse to funds earmarked for buying consciences.

You should understand that 42 votes are necessary to have a majority, and we have 29. We must make up the difference, which has to be found among those who did not vote for us.

The people who join us necessarily understand that any commitment of a political nature must be for the purpose of passing a bill sponsored by the government. That is the difference between a majority that is formed for unknown—perhaps illegal—purposes and a legitimate agreement.

If—in exchange for supporting a bill we sponsor—deputies want attention for their province, their proposal must be placed squarely on the table, aboveboard. Because they have so often been without a president, some people have concluded that government under a democracy is impossible, but it is indeed possible and without going to extremes.

"Yes" to a Debate With Abdala

I have never avoided a debate with anyone. I have never in my life underestimated anyone. When I said defeating Bucaram would be easy, I explained why.

There is a difference between the two of us—in terms of our accomplishments and activities and also the activities of our respective parties—but the decision is for the Ecuadoran people to make.

Ecuadorans should not hide when they are candidates for president of the Republic. We want this debate—because I believe our civilian society deserves it—but not a boxing match or a political spectacle. When? Tomorrow, as far as I am concerned. There has been no debate so far because the gentleman is running away from it. The only condition I have made is that the debate be serious; that there be no preconditions as to persons or issues to be discussed; that it take place at a respectable site; and that the participants be serious.

Mr. Bucaram says he wants to debate in the Folque Anderson stadium or on a platform in Esmeraldas. If it is a question of stepping into a ring with Mr. Bucaram, I am willing to do so, but I still insist that the debate be serious.

In Favor of Clean Agreements

There are three reasons why funds are not allocated: sometimes there is no president to compel a cabinet minister to do his duty; sometimes there is no money to be allocated; and sometimes it is an attempt to manipulate Congress. If governability in a democracy

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means assembling the necessary votes—and if those votes do not exist—a procedure to obtain them must be established.

A former cabinet minister once raised the question in public: What do you pay the elite forces of the police? Are you obliged to pay all police personnel the same salary? If there are elite forces for combating the drug traffic or terrorism, and if you have to pay them higher salaries, then you must do so and explain that this is because they are specialized forces.

Broad-Based Education

Under the Constitution, 30 percent of the budget is allocated to education. The state can provide it if the funds are well managed. Moreover, it should be realized that the national budget is not the only source of funding for education and culture: private enterprise is another, and a third option is nonreimbursable international credit.

As for the Ministry of Culture, it has already been created. What is happening is that it is not functioning properly, and that includes the sports function. In order to hierarchize these two activities they must be separated, so that they can orient themselves, consolidate their activities, and obtain financing.

The Armed Forces Have Their Role To Play

I believe the rules concerning the Armed Forces are quite clear, but it might be useful to elucidate two aspects. First, I do not believe in equipping the Armed Forces beyond the level that is necessary, but they must always be equipped. Second, they should never involve themselves in activities that by their nature are alien to them.

The Armed Forces should not be involved in areas that are not their concern, such as banks, insurance companies, and hotels. I believe this involvement should not continue. What already exists is another matter.

A distinction should be made between what is functioning well and what is not. These enterprises—whether they be operated by the state or by the Armed Forces—should be subject to the rules of the game that prevail throughout the world, so that they do not operate on the basis of unfair competition.

Corruption obviously exists within the National Police, and the moral standards of the personnel of that institution must be raised. Those who are guilty of abuses of whatever type will be punished regardless of the rank they hold.

The Armed Forces must be preserved as an institution, because the moral liquidation of the police will redound to the benefit of the underworld, which has Ecuadoran society in its grip through intimidation.

The police will be strengthened economically and technically to enable them to combat crime. The government must also make a political decision to combat crime with determination and punishment.

"No" to a Bicameral Legislature

We have discussed the conformation of Congress as it applies to the ability to govern. We propose that deputies be elected in a second round, in order to achieve a higher level of governability than can be achieved by the election of deputies in the first round. Moreover, Congress should consist of a single chamber instead of the two-chamber congress that was proposed by advisers to the government. The reason is simple: if legislation is delayed in a one-chamber legislature, with two chambers it will be delayed even more. The legislative process would be lengthy and could not be speeded up. The number of legislators should not be increased.

What About Multiple Nationality?

We agree that multiple nationality has an anthropological basis, but we disagree with the concept of dividing the nation into several states.

Ecuador is one nation, and various groups of human beings live in that nation and must be respected.

Trade Between the Two Countries Should Continue

We believe that Ecuador's problem is a border and territorial problem—and a question of honor—that must nonetheless be viewed pragmatically.

It is a problem that has two extremes, which we should not want and do not want—to go to war, or to back down. Between the two extremes there is ample room for many theories and many forms of negotiation: in short, ample room to seek a just, honorable, and definitive peace with Peru.

Wise policies will not lead us either to a retreat or to war, which are the two possibilities that should be of concern to Ecuadorans. That is to say, unwise policies could lead us in many directions, but that will not be the case.

Ecuador's history and rights cannot be repudiated in order to adopt a policy of pragmatism. A number of factors must be considered, so that an honorable transaction can be concluded between the two countries.

When the formula has been developed it will be submitted to a referendum, because our country must—above all—maintain a united front in this matter.

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The border question should not be confused with other matters. It was absurd, for example, to halt bilateral trade because of a localized problem.

I believe that the plans for binational trade, integration, and technical and economic exchange have nothing to do with the border question. On the contrary.

The government has retaken the initiative, with the result that efforts have been resumed in the quest for peace in accordance with international law. It is the right course to take, but how viable is it? That is something else again: it is the course that must be followed, and the ideal outcome is a negotiated settlement.

Strategy: Comparing the Candidates

Ecuador has before it two alternatives, two styles, two records, and two consequences: there are no other options.

I shall continue to advocate my program in the second round, and I shall inform the people of what is not news to anyone: namely, that the other candidate will repeat—speaking at the Carondelet building in Quito—what he told the residents of Guayaquil at their city hall.

There will be no violence, at least on our part, but the truth must be told and with firmness. We shall not hold anything back; we are not going to conceal the truth from anyone. That is a far cry from resorting to violence, however, which is a step that we are not going to take. I hope that the other candidate will not, either.

What the international observers reported concerning the electoral process is now in the possession of the courts. Let us try to keep what took place in the first round from taking place in the second round. It is a question of comparing the two exit polls that differ by 0.65 percent, on the one hand, with the projection that was made based on the election returns. The comparison clearly shows that between Freddy Ehlers and ourselves, a total of 150,000 votes disappeared in six provinces and a number of parishes.

We have detailed reports by the communications media in which polling places were reported to have received no ballots.

It has been determined that there were ballots: that they did have ballots, filled them out as they saw fit and then deposited them in the ballot box. We have presented videos that show ballot boxes being opened and how things were done. It seems that the problem of the right to vote that existed a long time ago is still with us.

Furthermore, wherever Mr. Pardo Montiel—president of the TSE [Supreme Electoral Board]—is present, there can be neither intellectual nor physical honesty.

II. Bucaram: We Favor Dialog With Peru

The Roldosist candidate spoke of his strategy for the second round. He said it will be carried out on a high plane, but added that there could be a reaction in the event circumstances warranted it. He believes that the border question is sensitive and should not be manipulated. He also discussed his own personality and the possibility of a debate with Nebot, which he did not rule out and said it would be considered....

The "informal" meeting with Abdala Bucaram, presidential candidate of the Ecuadoran Roldosist Party (PRE), took place last Saturday [25 May] at 1300 hours.

The meeting had been scheduled for noon, but Bucaram explained that he had difficulty finding transportation to this city and had to charter a plane especially for the purpose. When he left, he said he had an appointment with leaders of a political group in Quito in connection with his campaign.

He arrived with a retinue larger than that of the other finalist, because it not only included the vice presidential candidate Rosalia Arteaga but a number of friends, including Alfredo Adum and several leaders of Rosalia's independent movement, "Mira."

The vice presidential candidate stated her views concerning the duties of the vice presidency, emphasizing its responsibilities in the social area.

In his presentation, Bucaram declared that he was prepared to dispel all of the concerns of his audience.

Conciliation Is the Priority

The conciliation we are seeking, Bucaram said, is intended to find a formula for managing the affairs of state properly. We are not talking about who will be the ministers of Government, Public Health, or Education.

Strategically speaking, if someone wishes to win the Presidency he must very caarefully employ his negotiating skills both in selecting the members of his cabinet and in recognizing the worth of all Ecuadorans, including his adversaries.

Winning the Presidency is a heavy responsibility. I am thinking seriously of Ecuador's future, and that is why I seek the support of all political groups.

I have spoken with various sectors of the population, including conservatives and liberals, because there are outstanding citizens among them.

No one can deny that the PSC, or Noboa's supporters, are eminently conservative, or that the supporters of the APRE [Ecuadoran Revolutionary Popular Action], ID

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[Democratic Left], and DP [Popular Democracy Party] are liberal.

The goal is to have a program-oriented government that will rise above even the interests of one's own political organization.

My greatest desire, God willing, is that my cabinet will contain not a single Roldosist minister.

I seek help, because it has been demonstrated that even though Dr. Borja held all the power in his hands, he was unable to do all he would have wanted to do. And what can be said of the government of Sixto Duran Ballen?

I believe that with me as president the nation will have peace, which it will not have with anyone else, for one simple reason: we intend to regain the freedom to develop our country, which is something that the oligarchy cannot do—the oligarchy that wants to enrich itself at the cost of everyone else, that governs for the few to the detriment of the many. The business community will also join in our dialog, because it is not synonymous with the oligarchy.

If a nation does not have the best businessmen in the world, it certainly will not have the best politicians or the best soccer players. Its society will gradually develop ability in the politicians it produces. I cannot be the enemy of the businessman, because I would then be my own enemy and the enemy of my country.

A Bicameral Congress

My bicameral proposal has a clear-cut objective, which should cause no one any concern.

I do not care particularly whether we have 12 more legislators, or whether we will have a good foreign trade policy—which is presumably the reason for having a bicameral Congress.

I would be profoundly concerned if a legislator were to ask a favor of the president, even if only to get someone a job as a janitor. I would denounce that legislator publicly over a national network and request that he be tried for the commission of a crime.

"Yes" to Decentralization

If the goal is to invigorate the cantonal and provincial councils, you have the councilmembers, mayors, advisers, and council presidents to take the necessary measures.

But in the event these councils delegate the task to a member of Congress, be sure that their petitions will be given careful consideration. I shall not tolerate personal interests within the legislative body, and they should in fact be rooted out, because I am under the impression that in some cases commercial interests are involved in these petitions.

There is one reform that I believe is very important, and that is the need to abolish the executive units. This is essential, because these units deprive the sectional authorities, who are—by way of contrast—elected by the people.

In many cases, the actions of these government units—which are appointed by the Executive Branch to control a province—do not obstruct the work of the sectional authorities but the will of the people themselves.

Within the administrative hierarchy, a provincial prefect should enjoy the same status in both the political and governmental areas. This would eliminate the political dependency of the sectional authorities and would energize democracy.

This is a very important reform, all the more so because it would correct the error made by the Rodrigo Borja administration when it created Fondesec [expansion not given] in order to channel 50 percent of the revenues of sectional organs of government to the State Bank [Banco del Estado], which refunds the money but with a very obvious political intent.

It is not fair that the municipality of Calceta has received not one centavo, while the mayor of Guayaquil has received 400 billion sucres in the form of loans. It is unthinkable that Febres Cordero or Bucaram—just because they have more political influence—would deserve a much larger loan than someone else named Chingaluisa.

I would prefer that these revenues be sent directly to the cantonal and provincial councils, and that the State Bank perform the secondary function of the former Development Bank.

Respect for the Law on Religion

My political organization has decided to support the religious freedom law. It also advocates and defends—as one of its principles—the thesis propounded by the Alfarist revolution: namely, secular education.

Every organization is subject to changes and adaptations, according to the circumstances experienced by the community.

The needs of the community take precedence over the doctrinaire aspirations and positions of the political parties, because the interests of the people must be protected.

My organization has given its support to the religious freedom law, and we shall respect it in accordance with Ecuadoran law.

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Another Labor Contract

The subject of the unionization of the public services has several points that need clarification.

In this regard, it is more important to define the philosophy that a government should have—and the ability of government policy to engender idiosyncracies and conduct—than it is to perfect the formal mechanisms of labor relations.

I believe that the nation should create a new labor contract between the employers and the workers, whereby the employers would have to understand clearly what it means to be an employer.

We Ecuadorans are somewhat confused. Many businessmen in our country—very small groups that control most of the money—believe that the desire for profit should take precedence over the spirit of service. That is a mistake.

The worker should understand that in order to be a skilled worker, you must first be someone who has studied; then the state must train you and provide you with the basic conditions that will enable you to develop your skills.

I would therefore say that an understanding must be created as to what it means to be an employer and what it means to be a worker and an employee.

The day we understand this will be the day that discipline, hierarchy, and authority will be respected within a company.

Meanwhile, we shall have bad habits such as organizing an aggressive union movement wthin the public services—a movement that is capable of anything, couches everything in terms of conquest, but does nothing in terms of administration and efficiency. The best mechanism for understanding the true role that the unions should play is dialog.

The Banks and Housing

Low-cost housing is feasible, but certain conditions must first be met, because the plan involves self-management.

A study must be made of the real possibilities for the nation's banks and other financial institutions to form a group; that is the best kind of mechanism. This does not mean creating financial chaos, because any institution that does not have the aavailable capital and assets would be excluded; we do not need them.

"I Am Like a Radish"

Those who possess neither the judgment nor the information to enable them to know a man they have not known previously are not qualified to express an opinion concerning him.

I realize that public opinion is almost never published. As everywhere in the world, there are many diffeerent interests in Ecuador. Among those interests, the national oligarchies demonize anyone who is a free thinker and anyone who dares to oppose their ideas, not because of his style, temperament, or strength but because of his concepts—and worse still, if he has charisma or leadership qualities.

Obviously, anyone who feels his interests have been adversely affected will necessarily become involved in a dispute with whoever is affecting them.

I do not compare myself to the great men of human history such as Martin Luther King, Gandhi, and Jesus Christ. I am a real person: aggressive, a new poet, a sports fan, and a madman—whatever you wish, but I am a real person.

I am a man who is much more—and much less—than what they say I am. I am a mere mortal of flesh and bone who will go to the finest restaurant as readily as I will sit down to eat cracklings and fried meat or fish in any field anywhere in Ecuador, or on any country path.

I am profoundly humble. I lived in the barrio where I was born aand where I played with a ball made of rags. I attended the university of a very full life. The passion of hate—which is a sickness of the soul—does not reside within me.

I am not a person who envies others, for I have to defend myself. I must make use of the space that I am given, because I have to survive.

I am not as bad as they say I am. I assure you that I have not killed anyone, that I have not placed so much as a kilogram of cocaine in anyone's car or in the cars of their children.

I am like a radish: red outside but very white inside. I am a good person.

The Debate? We Shall See

When I arrived in Ecuador six years ago, in 1990, I invited Nebot to take part in a debate on Gamavision and Telecentro. He told me that I was someone without ideas, without concepts, and that I was an ill-mannered boor and a violent person. I replied that I had only buried people who were dead and wondered how that made me a violent person.

I have issued a challenge to Mr. Nebot no fewer than 40 times in the past six years.

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Two months ago Rosalia invited Mr. Cordovez to debate her. Belittling her because she was a woman, of course, he explained that he could not give stature to second-rate candidates and could not waste his time fighting in a preliminary bout.

Now that Nebot is facing defeat and realizes that there is a nationwide trend, he wants to do what as a man he was incapable of doing on previous occasions and wants to impose his own conditions as he sees fit.

This kind of despotic and insolent behavior, this desire to tower above everyone and everything for no other reason than that he considers himself to be wellborn, is cause for one of the great revolutions that we must make in Ecuador so as to teach these people a hard lesson. If Nebot behaves in a dignified and wise manner, I shall give careful consideration to the possibility of consenting to a dialog with him.

Last Friday I received a message from a semiliterate man—but a man nonetheless—who offered a campaign slogan. It contained spelling errors but the content was beautiful, something like: "May the dream of the poor come true, and may the nightmare of the oligarchy also come true, in the person of Abdala...."

Today Nebot is having a very bad dream, because the election results did not live up to his false expectations. Now, for his own benefit, he wants to use the weapons that on previous occasions he had refused to use.

I shall talk with all the political forces that have been reconciled, to consider the possibility of giving the oligarchy the opportunity to talk with the poor, after 170 years during which they never gave us an opportunity to talk with them. What I will guarantee, on my word of honor, is that whenever I go to Esmeraldas, Quito, or Babahoyo..., on the platform that is parked there, I shall invite them to meet me face to face, and let the people render the verdict.

For Better Communications With the Guarantor Nations

The border question is a sensitive problem, and it should be treated as such.

Two observations should be made concerning my personal position and that of the Ecuadoran Roldosist Party.

In the first place, the border question must be regarded as a topic that should not be exploited by any candidate during the election campaign.

In the second place, I want to say, very sincerely and very clearly, that ever since its creation as a political party, my political organization has proclaimed—as one of its principles—the invalidity of the Rio de Janeiro Protocol.

In recent years, however, there has been a strong trend in favor of considering a revision of that principle, but I have not allowed it to be altered, because it is a principle enunciated by Jaime Roldos, who is the patron saint of our party.

Within the Ecuadoran Roldosist Party there is total agreement on maintaining national policies—rather than governmental policies—with regard to this subject.

In accordance with this policy, we have welcomed with great satisfaction the dialog and the conditions proposed by the guarantor nations with a view to going forward with the talks concerning the border problem.

I shall continue this policy, and shall also continue the communications with the guarantor nations (Argentina, Brazil, Chile, and the United States), with the aim of bringing calm and peace to our country.

This is all the more true, inasmuch as we must realize that at the present moment our country does not at all desire war.

This also means—as I have always said—that the sovereign rights of our fatherland must be preserved.

"My Strategy Is To Achieve Conciliation"

I guarantee, on my word of honor, that I am going to conduct a campaign that is totally clean and pure. Having experienced so many facets of the campaign, however, I shall act in accordance with the circumstances. My strategy will be to achieve conciliation.

Violence does not—and cannot—have any place in our plans. I am not a violent person, nor have I ever been. I was an outstanding participant in sports, a man who cultivated reading and friendships...a man who can say openly, without criticizing anyone, that he neither drinks nor smokes, that he arrives home at seven o'clock in the evening because he really loves his home, and that he plays with his children and is attentive to his friends.

I do not understand how that kind of man could be violent, in the absence of any circumstances that could obviously motivate him to react, such as those that I have experienced.

But you will see that the Social Christian Party is going to wage a horrendously dirty campaign.

Let me cite one fact. You may recall that in the Congress, in the era of the Febres Cordero repression, Deputy Jaime Hurtado of the MPD [Democratic People's Movement] delivered a recording of a conversation between Nebot and Torbay, who were speaking

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of administering a beating to the then deputy Xavier Ledesma. What was Nebot's weapon? He presented an edited version of a supposed recording of Abdala and "Chino" Bustamante making outrageous statements.

Yes, they stooped to that level. I want to say again today that they have brought two Cubans—a man and a woman—here to stage the same kind of dirty tricks and attempt to destroy Rosalia's reputation and my own.

I realize that a campaign of such violence will have the potential to elicit a reaction, which I assure you will not be in the same proportion as the campaign that they are devising.

Ecuador: Nebot Cabinet Members Disclosed

96SM0335A Quito EL COMERCIO in Spanish 31 May 96

[Unattributed article: "Nebot-Bucaram: Every Vote Comes Hard" — received via Internet]

[FBIS Translated Text] (Quito and Guayaquil Bureaus)—*The campaign is under way. In Quito, Nebot issued a list of possible members of his cabinet. They have been chosen from all quarters except the PSC [Christian Democratic Party]. Meanwhile, Bucaram opened offices that formerly belonged to the APRE [Ecuadoran Revolutionary Popular Action] and signed a pact with the CFP [Concentration of Popular Forces] that among other things calls for the erection of a monument to Assad Bucaram.*

"I am announcing the names of the people who will be in my government, and I want to explain that these are people who obviously were not involved in my campaign and did not vote for me."

With these words, Jaime Nebot began a long journey during which the strategies of both candidates will apparently be in direct confrontation.

Nebot announced that his colleagues in the government will be Jose Gallardo, Jacinto Velazquez, Galo Garcia Feraud, Rene Bucaram, Juana Vallejo, Rodrigo Moscoso, Patricio Acosta, Elva Gonzalez, Mario Aleman, Camilo Mena, and Alejandro Serrano Aguilar.

It is a list that looks as though it had been selected with tweezers so that it could more easily penetrate certain sectors and regions of the country. Everyone on the list represents a spearhead into his or her segment of the Ecuadoran electorate.

In the afternoon, Nebot asked to meet with the Aspec [Ecuadoran Oil Workers Association] oil workers in order to explain his program to them. Henry Llanes, the head of the union, supported Rodrigo Paz in the first round, and Nebot's visit could therefore be a way to seek their support. Nebot arrived two hours late, however, and hardly spoke at all.

In Guayaquil, the Social Christians were also very busy. Mayor Leon Febres Cordero said his supposed affront to the supporters of the PRE [Ecuadoran Roldosist Party] is a closed issue and denounced the Roldosist presidential candidate Abdala Bucaram for distorting his statements.

"I have offered my apologies to those who felt offended," Febres Cordero said. "I do not ask anyone for forgiveness except God and my mother, who unfortunately is dead."

He went on to say that it is Abdala Bucaram who should ask the nation to forgive him for his continuing insults and affronts, not only to public and private institutions but to the Ecuadoran people.

In Quito, meanwhile, the Roldosist candidate Abdala Bucaram and his family dedicated a new headquarters, which was no less than the former headquarters of the former APRE candidate for prefect of Pichincha, Washington Aguayo. This is one result of the pact signed between the two parties.

Moreover, the members of the Socialism-Broad Front have already decided to support Bucaram. The Roldosist candidate also signed an 11-point pact yesterday with Averroes Bucaram, head of the Concentration of Popular Forces (CFP), which is are expected to play a role in his governmental program if Abdala Bucaram wins the presidency of the Republic.

Social justice, health, public education, housing construction, an economic program, a job-creation plan, support for the industrial sector, support for small manufacturing and handicrafts, agricultural development, reform of the judicial system, and erection of a monument to Don Assad Bucaram at the Five Corners form part of the package proposed by the CFP.

Abdala Bucaram and Averroes Bucaram signed the support agreement at CFP headquarters, corner of Boyaca and Sucre Streets.

The PSC Moves Toward the Center

CONAIE [Indigenous Communities of Ecuador] was surprised to receive the news—published yesterday in the daily HOY—that the PSC intends to support Heinz Moeller for president of the Congress.

The leaders of the indigenous organization said only that "we do not desire sinecures or governmental power. What we want are governmental policies."

Deputy Heinz Moeller explained that he had said he had no desire to preside over the Congress. "The

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composition of Congress compels one to confer with parties such as the DP [Popular Democracy Party], the ID [Democratic Left], and the Pachakutik-New Nation coalition," he said. "Fortunately, valuable legislators such as Carlos Vallejo (DP), Raul Baca (ID), and Luis Macas will be available."

"The vote of 19 May needs to be interpreted correctly," the Social Christian leader said. "One of the positive aspects is the election of a substantial number of indigenous deputies. The inclusion of the indigenous community in the Congress should be respected."

Moeller also explained that he has had no contact or conversation with Macas but would like to. "Xavier Neira delivered Jaime Nebot's letter to Pachakutik," he said, "but nothing else has been done." He acknowledged, however, that the PSC has in fact talked with Baca, Vallejo, and the current president of Congress, Fabian Alarcon.

Nebot's Candidates

—Jose Gallardo, former independent candidate for president and former minister of defense in the Duran Ballen administration: "Jobs were not discussed," he said, "but I shall do my civic duty."

—Jacinto Velazquez, former independent candidate for president, former Social Christian, and former member of the PUR [Republican Unity Party]: "I will not be a member of the cabinet. What I will do is assist it with my advice."

—Mario Aleman, secretary of foreign relations in the Rodrigo Borja administration: "I accepted the offer two days ago, although no job has yet been discussed."

—Galo Garcia Feraud, minister of education in the Osvaldo Hurtado administration and former member of the CFP.

—Alejandro Serrano A., former DP mayor of Cuenca: "With Nebot, I will be representing Southern Ecuador."

—Juana Vallejo, former ID governor of Guayas Province.

—Rene Bucaram, international manager for Texaco.

—Camilo Mena M., rector of the Central University and former MPD [Democratic People's Movement] candidate for president.

—Rodrigo Moscoso, president of the CFN [National Financing Corporation] and chairman of the Monetary Board in the administration of Rodrigo Borja.

—Patricio Acosta E., general manager of Aymesa.

—Elva Gonzalez, former ID deputy for Manabi Province.

Ecuador: 'Majorityless' Congress Analyzed

96SM0335B Guayaquil VISTAZO in Spanish 23 May 96

[Article by Carlos Jijon: "A Majorityless Congress" — received via Internet]

[FBIS Translated Text] *The PSC [Social Christian Party], PRE [Ecuadoran Roldosist Party], and DP [Popular Democracy Party] are the majority parties in the Congress that will convene next 10 August.*

There is nothing new under the sun. Divided into three medium-sized legislative delegations and almost 10 mini-delegations—many of which consist of only one deputy—the Congress that will convene on 10 August will be dominated by pacts and alliances. The 26-deputy Social Christian delegation will be the largest; the Roldosist delegation, with 19 deputies, the second largest; and the Popular Democracy delegation of 12, the third largest. Each delegation by itself is far short of the 42 deputies that would constitute a majority, and so everything is up for grabs. Either Jaime Nebot or Abdala Bucaram will encounter difficulties in legislative matters.

The triumph of the Social Christian Party appears to be a Pyrrhic victory. Numerically speaking, it is a victory: 26 deputies is substantially more than the 19 of the Roldosists. In practice, however, each party is far short of a the majority of 42 necessary to elect a president of the Congress, pass bills, or remove cabinet ministers from office. Even more serious is the fact that neither party appears capable of achieving a majority by means of alliances, for the simple reason that neither has an affinity for any other bloc, not even for the ID [Democratic Left] or the DP, whose principal leaders—the former presidents Borja and Hurtado, respectively—have been careful to point to their profound ideological differences with the PSC, despite efforts such as those made by Xavier Neira, who went so far as to describe the Social Christian governmental plan as "market socialism."

Most paradoxical of all, however, is the fact that despite the intensive campaign, as of the hour this edition went to print the Social Christian delegation had apparently not increased and in fact is probably smaller by one deputy. The PSC delegation in the current legislature consists of 27 deputies, whereas the one that will be seated on 10 August will probably total 26. How is this possible, given the resounding victory of Heinz Moeller—who achieved the feat of electing

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four national deputies—and given the impressive result achieved by Alvaro Perez in Pichincha, where—also for the first time—the PSC strongly challenged the Popular Democracy party in every contest? And given the excellent results achieved in Guayas, where the PSC again elected five deputies and made a strong challenge for a sixth seat?

What happened is that in the Sierra the PSC experienced a decline by comparison with its performance in the previous Congressional election. Susana Gonzalez, for example—who in 1994 swept Azuay and obtained two seats—this time was relegated to second place and obtained only one seat. Her lead—which according to the public opinion polls was insurmountable—declined unexpectedly in the final weeks of the campaign in the face of the challenge of New Nation candidate Miguel Lopez.

In Cotopaxi Province, the break with the local political leader Fabian Fabara—who in the prevous election had delivered first place and two deputies to the PSC—caused the PSC to drop this time to fourth place behind the APRE [Ecuadoran Revolutionary Popular Action], New Nation, and Roldosism.

Meanwhile, no increase was recorded on the Coast: the PSC currently has 11 deputies from that region and will again have 11. The party did not increase its representation even in Guayas Province, where the plans of Leon and Nebot to increase it to six deputies were frustrated by the mathematician Illingworth. In the rest of the coastal region, the Social Christian campaign did not produce any changes: Carlos Saud Saud ran again in Esmeraldas Province, Cesar Acosta in Manabi Province, and Walter Andrade Fajardo in Los Rios Province. The old provincial bosses retained their electoral representation but did not increase it by so much as one deputy.

Roldosism

Santiago Bucaram's election as deputy for Pichincha Province symbolizes most graphically the inroads that Roldosism has made in the capital and among the voters in the Sierra. Santiago—who came to Quito as a deputy for Guayas Province—is the prototype of Bucaramism, which is characterized by an attitude that until now had been viewed with disfavor by the voters of Quito.

This phenomenon has been repeated in other provinces of the Sierra where the PRE previously had no deputies or only one. In the provinces of Chimborazo, Cotopaxi, Imbabura, and Loja it ran—and elected—new candidates for deputy who even came in first. One example is Ramiro Aguilar—whose name means nothing to anyone outside of Imbabura—who won in his province and elected no fewer than two deputies. Or the PRE leader Bello Padilla in Loja, who also came in first, defeating the strong DP and PSC tickets.

Except for Guayas Province, where it came in second and retained three deputies—the PRE won first place in all the provinces of the coastal region. In Esmeraldas Province, the former Social Christian Homero Lopez, of the Saud family, not only won reelection as a Roldosist but obtained two seats. In Manabi Province a new candidate, Emilio Ruperti, came in ahead of the Social Christian party boss Cesar Acosta and increased the PRE's one-deputy Manabi delegation to two.

While the Roldosist Party maintained its representation of two deputies for Los Rios Province and one deputy for El Oro Province, in the nation as a whole it increased its delegation from 12 deputies in the present legislature to 19 in the next, which will make the PRE delegation the second largest in Congress.

Rise and Fall of the Center

Within the policital center, the Popular Democracy Party is experiencing a phenomenon similar to the one experienced by Roldosismo. It increased its former delegation of six deputies to its present 12—the largest delegation it has ever had. Just as Roldosism has done, the DP increased its strength in the Sierra. It won the elections in Pichincha Province and elected two deputies, Cesar Verduga and Alexandra Vela. In the provinces of Bolivar, Chimborazo, and Loja—where the DP peviously had no deputies—it now can elect them easily. "The Popular Democrats' only problem," the analyst Alfredo Negrete says, "is that generally speaking, they elect deputies in eastern provinces or in Galapagos, where party discipline and loyalty become difficult to control."

The Democratic Left, however, does not have this problem: its delegation of only five deputies is usually very loyal, inasmuch as it is composed of veteran activists, three of whom have in fact just been reelected. Raul Baca, an already venerable figure, was elected to the national delegation from Pichincha; the present vice president of the Congress, Franco Romero, was reelected deputy from El Oro; and Italo Ordonez, the combative deputy for Azuay, continued his habit of representing his province in Congress.

The End of the Story

As for the Ecuadoran Marxist Left, the theory of the demise of ideologies that has been propounded in an academic treatise by a Japanese-American appears inexorably to be applicable here. In the coming Congress, the Ecuadoran Left will have virtually disappeared. The

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Socialist Party, which at the beginning of the decade had a delegation of eight deputies, has been reduced to one deputy, representing the eastern province of Morona. The Democratic People's Movement [MPD], which in the present Congress has eight deputies, will be reduced to four in the incoming Congress.

Although it had felt reassured by the overwhelming "no" vote cast in the previous referendum—which it believed represented its views—the MPD actually gave ground to the social movements, labor unions, and indigenous organizations that are embodied in the New Nation group with its five deputies. Viewed in that context, the victory of Leon Macas is truly significant: although receiving almost no publicity, he obtained no less than 10 percent of the vote, the same as a former president of the Congress—Carlos Vallejo of the Popular Democracy Party—and came in well ahead of two others: the Alfarist Fabian Alarcon—whose ticket elected only two deputies—and the Social Democrat Raul Baca, who will head a delegation of the same size (five deputies) as that of the New Nation group.

Hour of the Lizard

The inroads made by the mathematician Juan Jose Illingworth—who without belonging to any party obtained two seats in Guayas Province—was one of the biggest surprises of the recent elections.

Illingworth is a vigorous opponent of centralism who has pronounced regionalist tendencies. His strength resided in his communications skills, which recall those of the eccentric Antanas Mockus, the university rector who became mayor of Bogota. Illingworth staged publicity stunts to attract attention, such as arriving for an appointment with the Electoral Board on horseback and carrying a lance on which a lizard—which to him symbolized centralism—was impaled. His thin, ungainly figure with its small beard resembled a Don Quijote in combat against the windmills of centralism.

A close ally of Alberto Dahik, who brought him into the INEC [expansion not given], Illingworth has elicited strong opposition in Quito both among politicians and the representatives of the press. As a solitary man of the plains without any company other than that of Walter Valdano, the prestigious former rector of the Polytechnic Institute, the lizard man will need to derive great strength from his personality in order not to be "swallowed up" by the immense machinery of Congress and the political class.

Peru

Peru: Police Arrest Japanese Red Army Leader

PY0406002796 Madrid EFE in Spanish 1742 GMT 3 Jun 96

[FBIS Translated Text] Lima, 3 Jun (EFE) — A police source today told EFE that a Japanese citizen arrested two weeks ago by the Peruvian police has been fully identified as Kazue Yoshimura, head of the Japanese Red Army (ERJ) gang, and one of the terrorists most wanted by the Japanese judicial system.

The same source said that the terrorist will be extradited to her country this week to be tried for the crimes she is accused of having committed, among them an armed attack on the French Embassy in The Hague, the Netherlands, in 1994.

Yoshimura, 47, was arrested on 25 May 1996 in the apartment where she was staying, located in a building in the Lima district of Lince, by agents of the National Counterterrorism Directorate (Dincote).

The woman's identity was confirmed by two Japanese police agents who arrived over the past weekend in Lima to question her and compare her fingerprints.

When arrested, she had identification cards with three different names: Yoko Okuyama, Kazuo Yoshihara, and Kazue Yoshimura.

The Peruvian police found her with propaganda of the International Revolutionary Movement (MRI), which groups terrorist movements from various countries of the world, among them the Peruvian Shining Path.

The Peruvian and Japanese police are now trying to determine the reasons for her trip to Peru and the contacts she may have made during the 19 days she has stayed in this Andean country.

A source close to Dincote has told EFE that apparently the Japanese woman arrived to collect information intended to prepare the MRI propaganda and that she did not get directly involved in any terrorist action.

The source added: "The other possibility is that she arrived to meet here with other ERJ members and that Shining Path only provided a place to stay and some relative security, at the request of the MRI leaders."

Meanwhile, the same source said that the Peruvian Government has decided to expel the terrorist back to Japan for having entered the country illegally and for carrying counterfeit identification documents. The woman will probably be expelled this week, the source said.

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Peru: Castaneda Lossio Denies Presidential Bid

PY0106025796 Lima EXPRESO in Spanish 31 May 96 p A4

[FBIS Translated Text] Luis Castaneda Lossio, former president of the Peruvian Institute of Social Security (IPSS), last night denied having launched his candidacy to the presidency of the Republic. He asserted that he will not run for the presidency and will work as an expert in the private sector.

He said: "It is not in my plans." He added: People were sorry to see me leave the IPSS. The results of a poll were published a few days ago which showed a lot of support for me. I recently visited my home town, Chiclayo, where I received a warm welcome. All this prompted some people to propose my candidacy.

Peru: Presidential Aide Said Part of 'Narcoplane' Crew

96SM0324A Lima LA REPUBLICA in Spanish 28 May 96

[Unattributed article: "Criminal Judge To Question Whole Crew of Air Force Narcoplane" — received via Internet]

[FBIS Translated Text] Criminal Court Judge Jaime Salinas Valenzuela will question every member of the crew of the FAP [Peruvian Air Force] aircraft found to be carrying 174 kilograms of cocaine even though not all of them have been charged with illegal trafficking in drugs, it was announced yesterday at the Callao Palace of Justice.

According to FAP Communique 003-96, the crew on the logistic flight to Europe included Colonels Oscar Salinas Ortega, Angel Aguayo Saravia, and Marco Carrion Rondon and Major Luis Escarcena Ishikawa, who is President Alberto Fujimori's aide-de-camp.

Judge Salinas will today begin interrogating the four FAP noncommissioned officers charged thus far by Fabiola Janet Pena Tavera, the ad hoc prosecutor, and the DINANDRO with involvement in drug trafficking.

The questioning of Raul Ely Urrunaga Olano, the technician first class who was the mechanic, is scheduled for 1100 today, while his comrades Jorge Barreto Pozo, Fernando Romero Urtega, and Efrain Ernesto Cadillo, all noncommissioned officers, will be interrogated on subsequent days.

Officials at the Fifth Criminal Court in Callao, over which Judge Salinas presides, said that the affidavit drafted by the police for the transfer of the four noncommissioned officers to the judicial branch practically exonerated those charged because of the "valuable" cooperation they were said to be providing in the investigation process.

They added, however, that they were struck by the fact that the investigations pursued by the police have thus far pointed to the noncommissioned officers alone as being solely responsible for the shipment of cocaine.

"It would be unusual for none of the officers to be aware of the illegal freight aboard the former presidential plane," a court employee said.

He added that the judge expects that within the next few hours, the DINADRO or the ad hoc prosecutor involved in this case will add to the initial charges, or that he will receive an additional affidavit explaining what investigations are being pursued.

Meanwhile, the judge has ordered Secretary Milagros Larrea to issue a summons to the members of the crew of the Douglas DC-8-62F, registration number 137, to appear and testify, along with at least another 20 commissioned and noncommissioned officers who had some connection with the airplane's flight to Europe and who are named on the documents submitted by the police.

These individuals will be summoned and interrogated by the judge when the questioning of the four who have been arrested, and anyone else charged and arrested, has been completed.

In addition, the judge has ordered further investigations, the nature of which he refused to reveal. However, a fundamental examination of the Air Force is not excluded.

Families Visit Prisoners

Yesterday, members of the families of the noncommissioned FAP officers turned over to the courts paid visits to their relatives in the cells of the small court jail in Callao, bypassing the strict security controls the police had established.

The mothers, wives, and/or brothers and sisters of those arrested went to the jail to take food to the prisoners food and to look into their legal status.

Some of them, without identifying themselves, indicated that the noncommissioned officers were not the only individuals involved. "Anyone familiar with military life knows that nothing is done without the knowledge of the superior officers," the mother of one of the prisoners emphasized.

She said further that all of the prisoners are cooperating with the investigations and are confident that the court

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authorities will clarify the situation and will discover the gang leaders.

Peru: Properties of Arrested Air Force Officers Listed

96SM0324B Lima LA REPUBLICA in Spanish 27 May 96

[Unattributed article: "Narcoplane Pilot Bought Residence for Cash, Two Beach Properties" — received via Internet]

[FBIS Translated Text] The visible signs of wealth pertaining to the FAP [Peruvian Air Force] officers reported to the Office of the Attorney General will be investigated by Fabiola Pena Tavara, the ad hoc prosecutor who is in charge of the investigations in connection with the case involving the Douglas DC8-62F narcoplane.

The examination by experts began almost immediately after the officers involved—Colonels Oscar Salinas Ortega, Angel Aguayo Saravia, Marco Carrion Rondon, and Major Luis Escarcena Ishikawa, the president's aide-de-camp—made their statements on Thursday, 23 May.

Sources at the Office of the Attorney General said that Colonel Salinas Ortega was the first target in a rigorous study of each of his properties, including both those in his name and those in the names of his wife, Miriam Maldonado de Zela, and his children.

The reason for the priority given Salinas Ortega is that he was named by noncommissioned officer Jorge Barreto Pozo as the alleged supplier of the 169 kilograms of cocaine found on 10 May in the possession of Air Group Number Eight.

After making that statement, Barreto Pozo invoked the Repentance Law for drug traffickers with a view to establishing the penalty he should receive, but the court authorities will have to verify his statements.

Colonel Salinas Ortega has three properties recorded in the Lima Public Registry, in which the ad hoc prosecutor is extremely interested.

Salinas Ortega's Property

The first of the properties is located in Monterrico Chico. It is a residence with an area of 442.8 square meters on Lot 1 on Alonso de Molina Street in the Los Pinos development. The facade of the building, which is Moorish in style, is white, and the windows are tinted.

According to the entry numbered 1307550 in the Public Registry, the residence consists of a basement and two stories. In the basement there are "a grill, staircase, bar, storage area, terrace, and garden," the legal document states.

On the first floor, there are a "hall, closet, half-bath, living room, dining room, terrace, garden, kitchen, breakfast room, storage area, service area, laundry room, servants' sleeping quarters, three-quarter servants' bath, garage with closet, storage area, office with closet, and two staircases."

On the second floor there are "four bedrooms with closets, three bathrooms, a dressing room, sitting room, terrace, and sorting room."

The total built-up area totals 405 square meters and the open area 243.225 square meters. The construction declaration was signed by a brother of the FAP colonel.

Without a doubt, this is a residence that is entirely out of line with the salary of an FAP officer who receives only $640 per month (1,400 soles, excluding gasoline, travel, and other allowances).

This property was purchased by Colonel Oscar Salinas Ortega for 257,000 soles, paid in cash, according to the public record dated 30 October 1990.

The seller was the Association of Property Owners in the Los Pinos de Monterrico Chico Development.

Based on the exchange rate at the time, the home cost $576,233.

Other Properties

The records of the real-estate authority show two other properties owned by Colonel Salinas Ortega. They are two contiguous lots, Numbers Six and Seven, on Los Erizos Street, adjoining Los Erizos Avenue. They are located in the Lurin district and measure 400 and 432 square meters, respectively, in area.

The two plots with a total area of 832 square meters were purchased by the FAP colonel from Manuel Forero Garcia Calderon for 2,000 new soles each. Both were paid for in cash on the same day, according to the public record dated 10 January 1994.

Based on the exchange rate, the 4,000 new soles paid by FAP Colonel Salinas Ortega represented a real expenditure of $8,800.

These properties are also registered in the name of the officer's wife, Elba Miriam Maldonado de Zela.

The pilot of the narcoplane will have to explain to the ad hoc prosecutor how, on a modest salary, he could make very large investments such as the purchase of two plots of land at one time.

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Both of the Lurin properties are zoned for the building of beach houses in an area where luxury homes, such as can already be seen in the neighborhood, are going up.

Other Investigations

FAP Colonel Marco Carrion Rondon, on the other hand, appears to have no registered property, and Colonel Angel Aguayo Saravia owns only one property, as a member of the Jorge Chavez FAP Housing Association.

It is a lot 82 square meters in area that he sold to Edgar Callo Marin in September of 1992.

As to the president's aide-de-camp, FAP Major Luis Escarcena Ishikawa, the entry numbered 395058 in the Public Registry shows that the apartment he owned at Number 550 Boulevard Surco, measuring 129.15 square meters in area, was transferred to his children, Manual Gustavo Escarcena Ballon and Sonia Mariella Escarcena Ballon, both minors, "on the order of their parents in anticipation of their coming of age," in the month of November 1994.

It should be noted that this property actually belonged to the wife of the aide-de-camp, Nora Sonia Ballon Arestegui de Escarcena, who in turn acquired the property from her parents in the same way, that same document shows.

There are not, therefore, any major properties in the name of Alberto Fujimori's aide-de-camp, according to the Public Registry.

As a result of the preliminary investigation of the property registers, therefore, the ad hoc prosecutor has focused his attention on Colonel Oscar Salinas Ortega, the titular pilot of the Douglas DC8-62F on which the smuggled cocaine was found.

Salinas Ortega will therefore have to answer to Fabiola Pena Tavara, the prosecutor, concerning the criteria used in drafting the list of crew members who would accompany him on the flight to Moscow, which he submitted to the Operations Office of the General Command of the FAP for approval.

He will also have to explain what work he did as head of mission for that trip, although he himself flew to Moscow on Sunday, 12 May, on a Boeing 707-323C with the registry number OB-1371. He arrived at 1000 hours, when the public had already learned the details of the scandalous discovery.

This officer returned on the night of Thursday, 16 May, with FAP Captain Pedro Hernandez Lusich (Ret), a specialist in aerial navigation who lives at the Number Two Air Wing installations and is employed by the General Directorate of Air Transport, a civilian body.

Hernandez Lusich left the FAP more than 20 years ago, and it was not, therefore, his place to serve as a member of a strictly military and secret mission.

However, Salinas Ortega is feeling extremely confident following the gesture of support made by the commander in chief of the FAP, Major General Waldo Richter Cruz. Speaking before 300 Air Force officers and subordinates gathered on the parade ground of the Number Two Air Wing on Wednesday, 22 May, the general stated that his pilots have his full support, because the noncommissioned officers involved have admitted their responsibility in this case, and therefore none of the higher officers is implicated.

Peru: CARETAS Identifies Fujimori Aide as Among Arrested

96SM0324C Lima CARETAS in Spanish 23 May 96

[From the "Undercurrents" column: "Low Flight" — received via Internet]

[FBIS Translated Text] Just seven days prior to the conclusion of the preliminary investigation pursued by the Office of the Attorney General and the DINANDRO into the case of the FAP [Peruvian Air Force] airplane found to be carrying drugs, Attorney General Blanca Nelida Colan suddenly replaced the ad hoc prosecutor, Maria del Pilar Castillo Soltero, who had been appointed on 11 May, with Fabiola Yanet Pena Tavera, the titular head of the Twenty-seventh Provincial Prosecutor's Office in Lima.

As of Tuesday, 21 May, the officers had not provided their testimony. No warrants had even been issued for their arrest. They are going about their duties and sleeping in their own homes.

Through sources at the General Headquarters, the FAP has let it be known that the officers who traveled on the DC-8 "are innocent," because they bear no responsibility for the maintenance of the aircraft. On its arrival at its destination, it is the technicians who are responsible for baggage, security, fueling, and other tasks, it was stated.

The officers whom the FAP itself has made available to the DINANDRO include President Alberto Fujimori's aide-de-camp, FAP Major Luis Escarcena Ishikawa. The question that remains unresolved is why the full-time aide-de-camp of the president would fly to Moscow. Sources connected with the FAP say that Escarcena needs to complete a certain number of flight hours in order to qualify for promotion.

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Escarcena has been the president's aide-de-camp since December of 1993.

On the other hand, 12 noncommissioned officers in the FAP have been arrested. According to the FAP, technician Juan Cordoba Babilonia is allegedly one of those responsible, together with other members of his service, for developing the network needed to transport drugs to Europe.

Venezuela

Venezuela: Envoy Views U.S. Stance on Reformulated Gas

PA3105222196 Caracas Venezolana de Television Network in Spanish 0230 GMT 31 May 96

[FBIS Translated Text] After meeting with President Rafael Caldera, Pedro Luis Echeverria, Venezuela's ambassador to the United States, said that Venezuela will not yield to the U.S. position of preventing the sale of reformulated gasoline. Echeverria expressed Caldera's interest in abiding by the World Trade Organization's decision in favor of Venezuela's reformulated gasoline.

[Begin Echeverria recording] According to the procedures established by the WTO, the United States must report to Venezuela and Brazil on how the United States expects to compensate these two countries for the commercial losses caused by the discrimination against our gasoline. [end recording]

The Venezuelan Foreign Ministry will present the case to the U.S. Secretary of State. A U.S. Government representative is expected in Venezuela in a few days to meet with Caldera and the foreign minister.

Venezuela: IMF Head Speaks at 'Venezuela Agenda' Ceremony

PA0306234396 Caracas Venezolana de Television Network in Spanish 1635 GMT 3 Jun 96

[Speech by IMF Director Michel Camdessus for the "Venezuela Agenda" ceremony at Miraflores Palace in Caracas — live]

[FBIS Translated Text] Ladies and Gentlemen: I am very pleased to attend this ceremony, which, in some way, concludes several months of intense and confident dialogue between your government and the institution I am honored to direct. I have great confidence in what we are doing.

I also wish to say that in the past few hours I have met not only with the authorities, but also with all those who I believe represent this country's society: all those who could help me better understand what is going on and what can be done here. These meetings with authorities, economists, sociologists, and representatives of workers, the church, businessmen, and all political sectors were very fruitful and cordial. They confirm to me that this is a country that is experiencing a process of change and is on a new path — if you, Mr. President, permit me to use your own words — with people that are willing to work with tenacity to build the best future the Venezuelans deserve.

I believe it was time to have ventured forth in this new direction because economic problems had led to a reduction, by several points of the GDP, in social costs and public investments in the infrastructure. Actual wages had also decreased and unemployment had dramatically increased. This had to be stopped and I admire the determination of the president and his government to face these realities and seek the best ways to remedy this.

I believe the implementation of the program upon which we have agreed, along with the authorities will allow us to curb the inflation, restore confidence, and render more efficient investments in the education and health sectors, which are so important for the Venezuelan people's welfare. Obviously, this will inevitably involve sacrifices in the short term. I know of no changes in human life that do not require an effort, but a future with growth and more employment will follow.

The stabilization of the economy, which is foreseeable due to the government's decision and the Venezuelan people's understanding and support, is only an auspicious good beginning. Nevertheless, if the country is to resume the path of growth in a sustainable manner, it is essential that the necessary in-depth structural changes be carried out — here I speak as a friend who watches you closely from the sidelines, at a distance which allows us to see the situation.

These changes include state reforms to render the government more capable and efficient to handle the tasks it must carry out, including the reduction of poverty; public security; justice; strengthening the state of the law; privatization of public enterprises to remove the heavy burden of their deficits, above all to the Venezuelan society, and to render them competitive within the world economy; strengthening the financial system, which was already started with great determination, so it effectively accompanies the Venezuelan economy's globalization; reforms to the social security system, which will also help improve the country's savings; and flexibility in all the markets, including the labor market, through reforms to the social benefits system, to curb unemployment and increase labor income through a higher productivity.

These are issues for discussion, so that — in a dialogue between businessmen, labor unions, and government —

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your people may adopt their own decisions, above all on these important topics. I mention them only to say that they are important for the future. You must decide how this will be done.

A national consensus is required to achieve these reforms and I believe it is taking place in Venezuela. It involves no more and no less than forging a national project, like a crusade involving all the Venezuelans, all the political parties and groups in society, to carry out these reforms and guarantee there will be no drawbacks and there will be no more adjustments after this adjustment, so the country may grow on a more sustainable manner and so that all the efforts exerted are not foiled.

This is something that the international community will want to support. The world's economic history is full of examples of nations that have aptly changed profound crises into opportunities to reorganize themselves and launch their development with enormous and permanent benefits for their societies' lifestyle. This is difficult and requires lots of perseverance, constant supervision, and efficient follow-up, which allows government officials to quickly act if it is necessary to correct diversions. I do not doubt that this will be the case and that it will justify the full support given by the international community.

Mr. President, ministers, ladies and gentlemen, I have spoken for too long. Forgive me, and remember only one word: confidence. Thank you very much. [applause]

Venezuela: Finance Minister Submits 'Venezuela Agenda'

PA0406004896 Caracas Venezolana de Television Network in Spanish 1645 GMT 3 Jun 96

[Speech by Finance Minister Luis Raul Matos Azocar for the "Venezuela Agenda" ceremony at Miraflores Palace in Caracas — live]

[FBIS Translated Text] President of the Republic, Michel Camdessus, director-manager of the IMF, colleagues, ministers of the economic cabinet, and Mr. President of the Central Bank of Venezuela:

During this event, in which we are formally submitting the Economic Policy Memorandum contained in the Venezuela Agenda, we are completing, as Mr. Camdessus said, a long dialogue process in which ideas were exchanged and in which we were able to reach this final agreement on the Economic Policy Memorandum of the Venezuela Agenda.

I want to take advantage of this opportunity to thank Mr. Camdessus, Mr. James Wolfensohn, president of the World Bank, and Dr. Enrique Iglesias, president of the Inter-American Development Bank for participating in a quite unusual event, which they agreed to hold in Washington after the president of the Republic announced to the country the contents of the economic program of the Venezuela Agenda and which was even before we were able to formally hold a news conference to announce to the international community the support of these three institutions for the economic program.

The effects of the measures, the effects of that support in matters of confidence in the country's future have already begun to be felt. Today's perception of the investment opportunities in our country have totally changed.

I also want to say — taking advantage of your presence in Venezuela — that we appreciate the understanding you showed for the Venezuela Agenda. I remember that since the first day we pointed out to you that for us it was extremely important to achieve this transformation process, always guaranteeing the stability and political feasibility of our democratic system. You also showed an understanding for the emphasis we wanted to place on the social contents of our economic program. We not only made progress in the dialogues, but we also set a goal that has had the support of the staff and the general director of the IMF, which was to allocate 2 percent of the product for social expenditures. That goal has become a reality in the 1996 budget and we hope to keep it in the 1997 budget. As the president of the Republic noted in national and international forums, we cannot conceive of economic growth without social justice. We cannot exclusively conceive of the growth of macroeconomic variables if this is not accompanied by a better distribution of income, which will become from now on the central point of the government's economic policy.

The government understands that by formally submitting this memorandum to the IMF, a copy of which we have already sent to the multilateral organizations to request support for the actions that are contained there, we are completing a long national debate. The Venezuela Agenda has been debated by the public opinion for long months. It has been debated in Congress and we have even taken a step with the support of modern technology as the Venezuela Agenda has been placed since last week on that great world freeway, the Internet, so that intellectuals and investors can have access to it.

In the next few days we will submit to the National Congress the draft budget for 1997. The government's fiscal policy, as you know, is perhaps the focal point in the talks we have held with the IMF. I want to add that the government maintains the firm commitment to continue to reduce the fiscal deficit, to reach the goal of reducing the deficit to 2 percent of our GDP in 1996

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and to 1 percent of our GDP in 1997. We already know about the series of measures that basically involve the income side.

Allow me to announce today that thanks to the work we have been carrying out at the economic cabinet with the support of a presidential commission appointed by the president of the Republic to study the fiscal problem in the country and with the support of a private foundation, the Andres German Otero Foundation, we are not only going to limit ourselves to presenting the 1997 budget, but we will be presenting an entire modernization program for the budget system, including specific goals that can allow us to change the qualitative content of our expenditures so that we can readjust our expenditures and so that we can definitely stop the decline in social investments and investments in the field of infrastructure.

On the other hand, I would like to conclude with this proposal: We, in government, are fully aware that it is not only a matter of submitting a macroeconomic stabilization program. The Venezuela Agenda includes aspects of structural change, as Mr. Camdessus pointed out. The most important part is that he is fully aware that if we do not make reforms, if we do not work for a reindustrialization of the country, and if we do not make our productive apparatus more competitive, in the future we would perhaps have to be thinking about adjustment programs.

Fully aware of that, as the development minister told the economic cabinet and the public opinion, the Venezuela Agenda includes a program to strengthen the country's industrial growth as well as to encourage production in the country's agriculture sector, as the agriculture minister said.

The most important thing is that we understand that it is not only a stabilization program or a program for macroeconomic change. In Venezuela we are attempting to make deep cultural changes. We intend to leave the economy of speculation behind for good so that we can return to the economy of work.

Attempts to achieve this have been made before and we have been unable to do it. Today, we feel that with the understanding the people have regarding the series of measures announced by the president in April, we are on a new road, which the president spoke to you about, which Mr. Camdessus ratified here today.

Allow me to use a phrase used by the coordination and planning minister, who has given a great push to the Venezuela Agenda once he joined the cabinet, when he concludes his speeches: We are in bad shape, but we are on the right track. Thank you very much. [applause]

Venezuela: Accords Signed With Mexico on Sentencing, Drugs

PA3105231096 Caracas Venezolana de Television Network in Spanish 0230 GMT 31 May 96

[FBIS Translated Text] Mexican Foreign Secretary Jose Angel Gurria and Venezuelan Foreign Minister Miguel Angel Burelli Rivas have signed an agreement on the execution of judicial sentences, a memorandum of understanding on cooperation, and the minutes from the installation of a joint commission against drug trafficking. Gurria thus completed his two-day visit to Venezuela.

In addition to signing important agreements, Gurria and Burelli Rivas installed a commission for consultation on mutual interest affairs. In the first meeting, the commission studied and assessed an extensive bilateral agenda. After the assessment, the ministers expressed satisfaction over the progress attained in the past few years and expressed their willingness to improve the relations between the two countries.

[Begin recording] [Reporter] How much will our country profit from the agreements that have just been signed?

[Burelli Rivas] Plenty. Our trade with Mexico stands at more than $600 million and Mexico has invested more than $800 million in our country. These agreements only increase the Mexican investors' interest in Venezuela and [words indistinct]. [end recording]

The ministers also underlined the importance that the two governments attach to the Permanent Binational Commission as the highest forum to agree on and give impetus to cooperation. They decided to hold the Commission's first meeting in 1997.

[Begin Gurria recording] We will work at several levels. Internally, we will explore certain forms of legislation to neutralize, if only partially, some of the effects of the Helms-Burton law and support the action of our enterprises at U.S. courts. [end recording]

It was agreed that a meeting of the deputy foreign ministers will be held during the second semester of 1996 to polish the details of Venezuelan President Rafael Caldera's visit to Mexico, probably at the end of the year, at the invitation of Mexican President Ernesto Zedillo.

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Venezuela: Caldera's 4-Day State Visit to Brazil Reviewed

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[Report: "President Rafael Caldera's State Visit to Brazil: Four Days for Political, Economic, and Cultural Integration"]

[FBIS Translated Text] Venezuelan President Rafael Caldera on 18 May left for a four-day state visit to Brazil. That tour was termed as proof of the high level the Venezuelan Government grants to relations with the giant of the south and which marks an important phase of these relations not only at the bilateral level but also at the hemispheric level. During his stay in the neighboring country, President Caldera paved the way for the integration of the two countries in three basic areas: political, economic, and social.

One of the most important goals achieved in the economic and hemispheric sector by President Caldera's tour through Brazil is the signing of a free trade agreement between Venezuela and the Common Market of the South, Mercosur, in November. Furthermore, Brazilian Energy Minister Raimundo Brito announced his country is willing to increase Venezuelan oil imports, whose quota totaled $680 million last year. Moreover, Garibaldi Alves, governor of Rio Grande do Norte State, said President Caldera was told there is an interest to create a partnership between Venezuelan Petroleum, Inc., and Brazilian Petroleum, Inc., for the installation of a refinery in Rio Grande do Norte.

Another achievement in the economic sector was the inauguration of the cement plant built with an $8 million investment by the Venezuelan Cement Company, Inc., Vencemos, in the Brazilian state of Amazonas. Thus, Venezuelan cement begins to compete, loyally, in the Brazilian market with a genuine product from Venezuela.

Both the inauguration of the cement plant and highway BR-174, which connects Manaos and Boa Vista in Brazil with Santa Elena de Guairen, Venezuela, were termed by President Caldera as events that mark the start of the integration between southern Venezuela and northern Brazil.

During a meeting with the General Federation of Industries and the Chambers of Industries and Commerce from the 27 Brazilian states, the Venezuelan head of state said that just as Brazil has developed an industry that is Latin America's source of pride, it also will be an important collaborator in the Venezuelan economy's development and reactivation. This process has gained great momentum through the implementation of the Venezuelan Agenda adjustment program.

The president gave a lecture at the University of Brasilia on the value of democracy in Latin America. He said the reinstatement of democratic institutions in this region is basically a result of the people's persistent determination to maintain their freedom and democracy. He said this is how it should be proclaimed and sustained:

[Begin Caldera recording] Democracy has imperfections, but its imperfections can be and should be resolved within the same democracy. [end recording]

The president of the Republic attended a solemn session at the Supreme Court of Justice of Brazil on 20 May and stated his confidence that constitutional reforms, the basic change of which is the management of justice, will be carried out during his administration. During this solemn session, the Venezuelan president once more stated his commitment to social justice, and he said this must be a norm in relations between countries, and it also must become a norm for international relations:

[Begin Caldera recording] Basic changes in the management of justice is one of the essential elements, and Brazil's and your example, messrs. magistrates, strongly encourages us to continue exerting ourselves for the changes we must carry out. [end recording]

As for cultural integration, President Caldera on 20 May inaugurated the Venezuelan Cultural Presence in Brazil event at the Venezuelan Embassy building. This event kicked off three weeks of dissemination of Venezuelan values, tradition, and culture through conferences, seminars, movie festivals, symphonic music, theater, and a book and photo exhibit.

In addition, President Rafael Caldera had the opportunity to share with the Brazilian people the passion for soccer. He made the ceremonial first kick at the 22 May soccer match between Brazil and Ukraine that took place at the Manaus Stadium.

On the preservation of the environment in the Amazon region, the Venezuelan president said the two national and regional border governments agreed this region requires special treatment, within the scheme of sustainable development. They agreed the pessimistic argument to abandon this vast area of South America cannot be accepted.

On energy, the presidents of Brazil and Venezuela promoted the resumption of conversations between Eletrobras [Brazilian Electric Power Company, Inc.] and Edelca [Caroni River Electrification Project] concerning Guri-Boa Vista-Manaus electrical interconnection. This

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project will have the support of PDVSA [Venezuelan Petroleum, Inc.] and Petrobras [Brazilian Petroleum Corporation]. To coordinate this project, the foreign ministers of Brazil and Venezuela will meet in Caracas during the second half of this year.

The official visit of the Venezuelan president to the Federative Republic of Brazil concluded with these important accomplishments for economic, political, and cultural of Venezuela and Brazil and the promotion of hemispheric integration through Mercosur and the Andean and Caribbean markets.

Venezuela: New Defense Minister To Be Sworn In 28 Jun

PA0406034896 Caracas EL NACIONAL in Spanish 2 Jun 96 p D4

[Report by Adela Leal]

[FBIS Translated Text] Division General Pedro Nicolas Valencia Vivas, commander general of the Army, will be appointed new defense minister, replacing Moises Orozco Graterol who will be retiring shortly after having completed his years of service.

The president of the Republic will swear in the new defense minister this coming 28 June at the Miraflores Presidential Palace at 1000.

On other changes within the military high command, it was announced that Vice Admiral Oscar Morales Martinez will head the Armed Forces Inspector General's Office. In turn, Vice Admiral Morales Martinez will be replaced as head of the National Armed Forces [FAN] High Command by either General Juan Antonio Paredes Nino, current Air Force commander general, or by General Raul Salazar, who is also being mentioned as possible commander of the Army.

As for the other branches of the FAN, President Caldera is finalizing details about the new appointments.

It was disclosed officially that those high-ranking officers who will be appointed on 28 June will only be in office up until the month of December when new appointments will be made. Those military officers who will be appointed shortly, including Valencia Vivas, are scheduled to retire from active duty by the end of the year.

As for promotions, since this past week, the president of the Republic has been carrying out an evaluation of the high-ranking FAN officers proposed. This past Wednesday and Friday, the president, along with Minister Orozco Graterol, several high-ranking FAN commanders, and members of the Appraisal, Review, and Grading Board, proceeded to examine the files of each of the candidates proposed for promotion.

It is anticipated that the president this Tuesday will be approving the list of candidates recommended for promotion and will immediately forward the list to Congress for approval by the Senate of the Republic.

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